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THE PUBLIC-PRIVATE FORM OF ENTERPRISE IN CHINA

By G. L. V. Hooton

The Public-Private form of enterprise in China has been given a considerable amount of publicity in recent months. Though it is very difficult to ascertain its exact importance in the economy as no figures relating to it directly have been published since 1952. It would appear that since the revolution the nationalisation of firms has proceeded rapidly and State operated industry has increased from 34% in 1949 to 51% of the total production value in 1952, while capitalist industry has fallen from 63% to 40%. This rate however is considerably slower than that of Russia, where in 1923 private firms covered only 12½% of all workers and the average size firm employed only two workers, and produced only 5% of gross production. Figures relating to the public private firms in China, tell only of the number of firms which have changed their status, 1,900 did so in 1954 for example, but there is no information as to their average size or importance. Moreover alongside the shift to the public-private form there has also been continued direct nationalisation. Heavy Industry is now almost completely State owned, it was stated to be 80% State owned in 1952. This field is no doubt considered too important for experiments with public-private enterprise; this form is almost exclusively confined to light industry. In 1952 only 9% was public-private owned, and 27% was State enterprise now the State section in Light Industry is 47%. The percentage of the public-private firm is somewhere within these limits.

The Forms of Enterprise: In China to-day there are four forms of enterprise, firstly, there

are the pure private firms trying to carry on as in the period pre-1949. Secondly, there is the form known as 'State Capitalism' where a firm operates buying its raw materials from the State, and either doing processing jobs, or contract work, the profit thus being controlled. The third form is the public-private corporation, and the last the State firm. This system ensures the control of profits; according to the Central Administrative Bureau of Industry and Commerce, 86% of gross output in Peking, Mukden, Shanghai, Wuhan, Canton, Chungking, and Sian was accounted for by processing jobs, government orders, centralised purchases, and underwriting of sales. But though this system ensures only profits considered reasonable by the government it does not ensure, quality or speed of production. Only direct supervision can do this.

The Purpose: The public-private firm offers a method of using the know-how of the private-businessman as well as supervising production. The bottleneck in firms at the moment is the lack of suitable experienced men of good political background. This problem will not be solved until the products of the new Polytechnics emerge and gain experience. It may be said that the private businessmen could be absorbed into the State firms, however State enterprise is too closely directed to allow of their kind of skill. In State enterprise what is required is technicians, only in Light Industry is there much scope for initiative.

The Overseas Investment Co.: One standing model of a public-private firm is the recently

publicised Overseas Investment Co. intended to attract capital from abroad. The constitution of this company has been published and is of value even though it is not concerned with any form of production. The idea is one of partnership and the board of management is partly State appointed and partly of private businessmen non-resident in China, there are on the board 84 directors, seven vice-chairmen and twenty executive directors. Beneath this body there are four offices, the secretary's office, the office of financial affairs, presumably in contact with government planning agencies; the department of propaganda and subscription, and the service office. The whole organisation to be governed by agreement between the two parties, and disputes to be solved by discussion, or referred to arbitration by a government body. Of course this constitution was for publication and is more of a partnership than the usual form but even here the investment and control of funds is obviously in the hands of the State.

Regulations for the Control of Public-Private Enterprises: Some information is available as to the working of the average firm is to be found in the Control Regulations, and the explanation of them given by Li Wei Han, the vice-chairman of the Government Administrative Council of the C.P.G. The Regulations warn that on setting up a public-private firm the assets should be watched so that no flight of capital can occur, then they should be fairly assessed. Idle supplies and assets not required to be allowed a discount, or classified as assets of private shares and disposed of after reorganisation. The assets are to be based on take-over value unless the 1950 re-assessment is roughly the same with adjustment for depreciation. Once the firm is set up and the board of directors appointed the administration begins, but the regulations before coming to the question of the composition and power of the boards specifically state, "The private party shall accept the leadership of the public party. This is definite." No real partnership is intended. The respective duties of the board members are decided on at a meeting and the basis of one head only to each department is the recommended method. It seems that the experienced private sector heads are usually made responsible for production, and commercial activities, accountancy and audit being carefully superintended by the public side personnel. Those functions which imply negotiations with the planning authorities seem to be the concern of the public personnel, they are more likely to be able to secure swift delivery of raw materials and whatever other small concessions are necessary from time to time such as loans from the Peoples Bank. This is a sensible division of labour as the private personnel would be handicapped in this field by their political background. There is also evidence that the private sector personnel refer all requests for wage rises to the public side directors, together with all Trade-

Union affairs. The public directors are quite capable of dealing with these matters without fear of awkward consequences, indeed they are responsible for propaganda against egalitarianism in wage policies and promoting the eight grade wage system and piece rates where necessary.

If the target fixed by the firms planning section is fulfilled a profit should result. However as under the firms previous state: 'State Capitalism' most raw materials are bought from State firms or agencies for the various commodities and the sales will also be mainly to State organs, thus the percentage on processing made by firms in the same industry is similar. Nevertheless the annual profits made by various firms in the same industry differ enormously because the annual profit depends upon the costs of the firms concerned. Some firms are fortunate in location, some have different labour costs and the administrative costs in some firms are sometimes as much as a 100% higher than in other firms. Naturally those firms making higher profits are more favourably regarded and their personnel increase in prestige with all that that means.

The Distribution of Profits: In the case where profits arise due to State supply of raw materials at transfer price, that is a price fixed by Communist accountancy plus a percentage of profit, and sales are not made to a State organ again at transfer price but are sold on the open market, the State Treasury claims the amount over transfer price as excess profits. Otherwise gross profits are divided up as follows: there is an allowance for depreciation which is a flat rate of about 5% in Light Industry for both buildings and machines. Then there is an allowance for bonuses about which there are few details, and there must be a deduction from profits to improve workers amenities, but in this respect, however, the economic level of the country must be taken into account. All that is left is net profit of which according to the Regulations 25% can be distributed as dividends provided that should a loss have been shown in previous years the workers amenity fund must be made up. The remainder of profits after distribution is a reserve fund for production purposes about which there is little information, save that any investments should be made with the consent and guidance of municipal and provincial planning organs.

Russian Experience: The actual idea of the public-private firm seems to be Chinese, but there are somewhat similar attempts to fulfil their purpose in early Bolshevik history in Russia. Soon after the Revolution a mixed company was proposed, private capital to be paid a dividend; however in the midst of the confusion following the Revolution, the proposal was not seriously considered and ended with Lenin's remark that what Russia needed was engineers not shareholders.

Instead in industries where private firms continued to exist alongside State firms, joint controlling bodies for that branch of industry or industry itself, were set up. For example Centro Textil which had a central council for the industry of thirty representatives of trade unions, fifteen of the private owners, and twenty representatives of various government bodies. This was to be partnership on an industry basis with the State organs taking a leading role there was intended to be no division of labour between public and private personnel. They were to be in separate organisations. These councils never spread to Heavy Industry which has in both Russia and China passed steadily from private to State hands. In the early post revolutionary period Russian Heavy Industry was controlled by Glavki or sub departments of the Supreme Economic Council (Vesenkha). Of course it was found necessary to use the skill of the previous administrators, but instead of a public private form of enterprise, when a firm was nationalised the Glavk organised finance, appointed the factory managers, or a body of factory collegiates whose authority was supreme in technical matters, but had no real power. Real power lay with the representatives of Vesenkha. Both schemes for using former private businessmen were not spectacularly successful, and in Light Industry the joint controlling bodies became more and more like the Glavki, eventually Centro Textil became Glav Textil. This swing over was in accordance with the move towards greater centralisation of control which lasted until the New Economic Policy.

Decentralisation and the N.E.P.: The New Economic Policy brought with it a policy of decentralisation and the placing of more power in the hands of management on the spot. Though Fuel and Metal remained dependent on centralised supplies and were still administered by Glavks; elsewhere semi-autonomous trusts were given legal status by Sovnarcom decree in April 1923: subject to Vesenkha which reserved the right to liquidate if necessary, and to allocate profit. A trust was even given the power to issue bonds, though the State would not be liable (this idea came to nothing) in addition the trust was given the power to buy and sell freely. The State Planning commission kept check on the trusts through the Audit Office in each unit, this office however was forbidden to interfere in the commercial or productive processes. The trust boards were appointed by Vesenkha and each member was in charge of a department. Wages were fixed by collective agreements with the Trades Unions. The trusts were operated to maximise profit but there was no private capital whatever, profits all went to the State Treasury, save for a reserve fund, bonus fund, and the usual workers amenity fund.

The function of the trusts was the same as Chinese public private firms, though in China to-

day the idea has been carried to its logical conclusion with private capital being paid a dividend, though not free to buy and sell as it wishes. This idea is the product of the realisation that centralisation had gone too far. Both the Russian Trusts and the new Chinese form were intended to give scope to initiative and experience using these skills until the reliable new personnel are available.

Results: The results of reorganisation into public private firms are said to be good and there are numerous instances of increased production and a more cooperative attitude. Nevertheless there have been certain complaints—the private sector personnel have been urged to take advantage of the new scope given to them, newspaper articles bestow encouragement or the opposite, and urge the personnel to show more independence and initiative. Sabotage it has been warned will meet with severe punishment, and the “Commit no big errors but continue small ones” line of thought has been castigated. It has been mentioned that the private side should not tell the workers that it is the public side that is refusing wage rises, nor ridicule the cultural level of their colleagues, or hold their suggestions up to scorn. In addition the private staff should remedy waste and cease writing off good equipment. All this done they should pursue their studies at the local Industrial and Commercial Association.

In sum decentralisation is meaning an easier life for the private side men, now they are encouraged to criticise and make suggestions which until recently they dared not do lest they alienate their colleagues on the public side. In particular they are told that always saying “yes” does not constitute obedience. Perhaps all this accounts for the reason that there seems to have been a strong inclination among businessmen to apply to change to public-private status, which is at any rate relatively more secure than mere private status.

The Future: As long as the ‘knowhow’ of these businessmen is needed they would seem to have a reasonable future; they are firmly controlled yet life is easier. The Communists think of the experiment as a success and intend to exploit it to the utmost. However in Russian experience it is a temporary expedient caused by the circumstances of the case, and Lenin provides a suitable comment, “When workers delegations came to me with complaints against the factory owners, I always said to them, you want your factory nationalised? Well and good. We have the decree ready and we can sign it in a moment. But tell me can you take the organisation into your own hands? Do you know how and what to produce? Do you know the relations between your product and the Russian and the international market? And inevitably it transpired that they knew nothing. There was nothing written about such matters in the text-books of the Bolsheviks.”

SINGAPORE RIOTS AND CHINESE STUDENTS

After the halcyon period of the elections and the brave hopes of the Government's policy set out in the Governor's speech to the Assembly, Singapore faced a hard and sinister reality in the riots of May 12th arising out of the Hock Lee Bus Dispute. They went beyond a challenge to the present Labour Front Government and became a challenge to the fact of government with certain groups of trade unionists and Chinese school students setting their own selfish interests above the security and stability of Singapore to the advantage of Communist and alien-activated elements who seek to replace a nascent but genuine independence for immediate and final dependence on China-channelled Communism.

The facts are clear and the misrepresentations deliberately made and circulated are clear by contrast. The dispute started as a genuine trade union dispute in a Chinese owned Bus Company which set up a Company Union to rival the general Singapore Bus Workers Union. Tension grew which led the management to dismiss their employees who were members of the general Union, hoping to maintain their services with members of their own Union. The S.B.W. Union under the claim of picketing formed a human barrier of men with linked arms and legs at the garage gate to stop the buses leaving. On April 25th and 26th they dispersed quietly but on the 27th they resisted the Police Reserve Unit, who were compelled to use force. No one was seriously hurt, but allegations were freely made of grievous hurt to 15; some feigned hurt before photographers, but when the ambulance came, none could be found. Nevertheless, the Police Commissioner asked for a Commission of Inquiry into the allegations and on the same date a Court of Inquiry was set up to look into the causes of the dispute. Meanwhile the Company did not exercise its legal rights to run its buses and on the Chief Minister's intervention agreed to re-instate the dismissed workers on full-pay pending the decision of the Court. Immediately the Court, on the request of all parties (and all had agreed in advance to accept the ruling), gave an interim ruling on the proportions in which the men from the two Unions should work the buses.

The Singapore Bus Workers Union at first went back on its agreement, but in the end reluctantly accepted, only however to withdraw within a few hours. They refused the re-instatement with pay whether they worked or not, pending the final report of the Inquiry which they were free to accept or reject. From that moment there was no industrial dispute: the members of the Union were denying the Company's legal rights; defying not only orderly negotiation, but the Government; attacking the police; and creating their own financial hardships.

The workers camped out in the open ground near the garage. Organized groups of Chinese Middle School students came by lorry to "comfort" them with money and food and dances, and were re-paid by welcome inflammatory speeches. Nevertheless, with the direct intervention of the Chief Minister, Mr. David Marshall, and the Minister for Labour, Mr. Lim Yew Hock, negotiations were never abandoned, and the attempt to build up a threatening situation before May Day and to provoke further police actions as material for distortion and demagoguery. The People's Action Party and their related Unions held a fire-eating rally on May Day, attended by Chinese school students and Unionists, threatening general defiance and attacking the police.

Only last minute intervention by some more clear-headed leaders prevented a procession in defiance of the police.

After May Day, there were further attempts by Government to settle the dispute by negotiations, the company agreeing not to run its buses in the meantime. The Unions were uncompromising in defiance. On May 10th the dismissed workers again attempted by blocking the gate to stop the buses coming out. They refused to disperse on a Magistrate's order, but were finally dispersed by fire-hoses. Again there were no serious injuries. During the next 48 hours, there was growing provocation and agitation in which workers and students joined. On May 12th, the workers again tried to stop the buses. They were dispersed by fire-hoses, but returned to the gate and had to be physically moved. The police were attacked with bricks and stones. The agitation continued more strongly. In the afternoon lorry-loads of boys from the Chung Cheng and Chinese High Schools converged on the area of the garage, dismounting when they could not go further. The buses already running were forced to a stop by violence and intimidation. The garage area was cordoned off. Attacks were made, by mobs of up to 1000 on the Police who used tear-smoke to disperse them. The official report of events after 7 p.m. continued.

The Police were hampered by darkness and the nature of terrain from effecting arrests, and throughout the night up till 3 a.m. on the 13th repeated hit and run attacks were made on Police while the liberal use of tear-smoke by Mobile Police patrols succeeded in keeping the mobs on the move and prevented them from concentrating in any organised attempt to overwhelm the Police by weight of numbers. The greatest restraint was shown by all Police personnel on duty, including the Volunteer Police who worked side by side with the Regulars in a manner which deserves the highest praise and thanks of the public. Throughout this night of confused fighting, tip and run attacks on the police, attacks on the Police road-blocks and the setting up of street barricades by the mobs to prevent Police mobility there was only one occasion on which a Police Officer was forced to use his revolver, and on one occasion the commander of the Reserve Unit troop fired a round of buckshot. The case of the Police Officer who used his revolver to save his life is typical of the high morale and the determination of every man not to cause more damage than was absolutely necessary.

By 3 a.m. the rioting was over but police and troops stood by. The police casualties were heavy. One Chinese Volunteer Special Constable was beaten to death, his car overturned and burned. Another Chinese detective was beaten and burnt so badly that he died later in hospital. One other has since died. 19 were injured. And a civilian, a press correspondent, who in spite of police warnings entered the danger area, was set upon, and beaten by the mob, and died later in hospital. Of the rioters, 42 were arrested. One boy was killed, but had he been brought to hospital immediately instead of being paraded for 3 hours to rouse feelings still further, his life might have been saved.

On the night of the 12th, the Chief Minister broadcast a statement in which he said "his Government could not tolerate physical intimidation whereby a small group can jeopardise the welfare of the whole country." He continued, "The pattern of developments recently, and today, closely conforms to Communist technique in seeking to

foment industrial unrest on any excuse and to obstruct peaceful solutions. It is being followed through in attacks on the Police, both to undermine the morale of the Force and its prestige with the public and it abuses the idealism and vitality of youths for hidden political ends."

Their aim, he said, was to prevent the success of his government which would defeat their Communist aims. He ended with an appeal for support of government in this crisis.

On May 13th, the anniversary of the clash between students and police last year, over National Service, it was announced that the Chung Cheng and Chinese High Schools, the two Chinese Middle Schools whose students had taken an active part in the riots, should be closed. The Emergency Regulation empowering the police to impose a curfew was re-introduced after having been withdrawn 3 weeks previously.

On May 14th the dispute was settled with an agreement by the Employees to withdraw recognition of their Company Union which would be dissolved, and with the reference to arbitration of the decision on which workers would be employed, Government undertaking to find employment for those not chosen.

Results of the Riots

The riots had shocked the people of Singapore. The instigators had taken advantage of the new constitution to attempt to overthrow government.

Although the S.B.W.U. remained defiant, violence was condemned by all vocal opinion including the T.U.C. The Government was criticised for not acting earlier. But as a new government based on public opinion, and as a Labour Front government, they felt committed to use the way of conciliation to the fullest. And while there was never any doubt in their own minds who were behind the riots, they knew too that the distorted propaganda had misled many and unleashed dangerous emotional powers. They sought a grand inquest on their policy at an Emergency session of the Legislative Assembly on May 16th when the debate took place on the motion to approve the Curfew Emergency Regulations.

The first speech was by the Chief Secretary, Mr. W. A. C. Goode, who read the Police Report which gave for the first time the full story from which the sinister pattern of the "ghastly set-back to Singapore's claim to responsibility and maturity" clearly emerged. He paid tribute to the discipline, courage and restraint of the police, a tribute endorsed by the Governor, and the Chief Minister in their message to the Police. His judgment was that "the P.A.P. and their covert Communist supporters and back-seat drivers wanted violence and industrial unrest." He challenged the leader of the P.A.P., Mr. Lee Kuan Yew, to make his position clear on Communism and the use of violence, and used some telling quotations to show the violent incitements which had been uttered and condoned by some of his party. He attributed rioting to "irresponsible political leaders and to Chinese students". It was a powerful and effective speech, widely acclaimed.

Progressive speakers were critical of the delay in action and held that the Government had been too conscious of its party's policy in its approach when the threat was to the essence of law and order. All speakers from the opposition opposed violence, and the P.A.P. member for Bukit Timah, at whom Mr. Goode had launched his most pointed questions, merely replied that he was not answerable to a Colonial Official. The main burden of reply fell to Mr. Lee Kuan Yew whose party had been criticised. He disclaimed violence as a political method and pointed to his part as

legal adviser to the S.B.W.U. as proof that he had tried peaceful means. He emphasised the bitter inter-Union feelings as explanation if not extenuation of the extent to which the riots had developed. On his political views he said he was no Communist but nevertheless would take no steps to support Colonialism. Throughout his speech he appealed from the Chief Secretary to the more sympathetic understanding of the background he felt lay with the Chief Minister. But the Chief Minister was no less vehement in his attack.

Mr. Marshall in reply to the charges that they had acted too slowly claimed that in a democracy they could only act in harmony in form and timing with public opinion. He emphasised his own part in the dispute, the conciliatory steps which had been taken towards the workers, but the only response was "a grim dislike of the idea of a settlement". To P.A.P. he said "I realised where we were on the 29th, this was the hard core of an attempt to work up a demonstration, a test of the political parties own strength for the time when he might have to use it, a demonstration which if successful in character could snowball his own membership campaign. This was confirmed by the strikes that sprung up like mushrooms all under the control or individuals within the P.A.P. camp". He accepted Mr. Lee Kuan Yew's disclaimer of Communist views, nevertheless he was allowing himself to be made "the cat's paw of forces he knew to be evil". He repeated in fuller illustration the views of his broadcast of a Communist conspiracy against the democratic processes and purposes of Government. To Mr. Lee he said "If he turns a blind Nelsonian eye to the Communist fight to control Malaya he will never have a chance of ever bringing about an independent Malaya."

After the debate the Regulation was passed by 27 votes with 3 abstentions and 2 absentees in a House of 32. It was a heartening vote of confidence for the Government and public condemnation of violence which will be a stabilising force in the Colony in the future.

Chinese Middle Schools

The Chief Minister, and the Chief Secretary in the debate were agreed on the serious part played by Chinese Middle School students in building up the situation towards the riots and in the riots themselves. On the suggestion of Government, the schools were closed by their authorities after the morning session on May 13th which passed without the anniversary celebrating which had been planned. In the schools, the small subversive group blending intimidation with exploitation of group loyalty, linguistic segregation, and Peking-orientated Chinese nationalism, have won control of students, in defiance of teachers, parents and committees of management, and were using their power by violence, if necessary, to destroy the existing system and allegiances of Singapore. They interfered in the strike with money and food; they attempted to provoke the police; they sang Communist songs. The Chief Minister announced they would re-organise the schools so that they could return to their primary function of education. Meanwhile, said the Chief Secretary, "If no one else will stop these boys and girls from being worked up, intimidated and regimented in schools by a fanatical few, loaded into lorries and taken down to take part in industrial disputes and deliberately being mixed up in riots where men are being killed, then Government will."

When the two schools were allowed to re-open, it was announced that the headmasters would be given a list of trouble-makers to be expelled and that notice would be served, according to law, on the two schools to show cause why they should not be closed. There was opposition from Trade Unions and schools, and in recognising the gravity

THE FORMOSAN DILEMMA

(By a Chinese Commentator)

Since the cease-fire in Vietnam, China has been hankering for the goodwill of nations in the Far East by offering them trade and assuring them of China's desire for "peaceful co-existence". Mr. Chou En-lai's declaration during the recent Asian-African conference at Bandung that Communist China was willing to enter into direct negotiations with the United States on the relaxing of tension in the Formosa Strait has roused world-wide speculation and hope for peace in the Far East. This hope was further brightened by Peking's release of four American airmen. Is there really any possibility of a cease-fire in the Formosa Strait? India has made a 3-point cease-fire proposition calling for the evacuation of Quemoy and Matsu, renunciation of force by Nationalists and Communists alike, and a conference to settle their conflict. Mr. V. Krishna Menon said that India was trying in a small way to get both sides to understand each other a little better. Peking has given no promise of any kind and showed great adroitness in exploiting the situation by confusing the issue with double-talk. Washington wants more assurance from Peking that there will be no attack against Taiwan. London is hoping for the best while Taipei is rightfully indignant and has arrogantly refused to talk with Communists.

From Peking, Chou En-lai stated that the Chinese people were willing to strive for the "liberation" of Taiwan by peaceful means and did not want a war with the United States. However, this is conditional as Chou pointed out, "Taiwan is China's territory; the people living in Taiwan are Chinese people and the liberation of Taiwan by the

of the problem for Singapore, an all-Party committee was set up to look into the problems of the Chinese Schools under the Minister for Education, Mr. Chew Swee Kee. When this committee asked that penal action should be suspended to give a better atmosphere for their work, the Government agreed. An industrial dispute can be settled on the points in dispute. But in the Chinese schools, a large section of our young generation and an attitude of mind are in question, and there can be no quick or easy solution. While there remained this chance of an agreed solution, Government felt obliged to accept it. The students are still defiant and so is a section of the Chinese community, but the notorious behaviour of the students has raised doubts as to where this arrogance and violence will lead. As Mr. Marshall said, the reaction in the Federation has awakened the chances of union on which the first step to Independence depends. And other S.E. Asian countries seeing the length to which the young Chinese generation can go in the territory where their political rights are the greatest and most easily achieved, are going to be cautious in their approach to civic rights for Chinese. When therefore this committee reports, the issue will arise again which the Chief Minister put in a later meeting of the Assembly. Where does the Chinese loyalty lie? It is a crucial question in this key centre of this troubled area in S.E. Asia where doubts of the future policy of Chinese constitute the greatest hazard. The present government fully appreciates the magnitude and difficulty for a democratic government of the problem with all its historic background of integrating the Chinese people, their solid virtues and their cultural cohesion as "strong and loyal pillars in the glorious new palace of independence."

Chinese is a question of China's domestic affairs. The United States 'occupation' of Taiwan has created tension in the area and this constitutes an international issue between China and the United States. The two questions cannot be mixed up. There is no war between China and the United States, so the question of so-called cease-fire does not arise, still less can it be used as a prerequisite for the negotiation." Peking also expressed that Chinese Communists could at no time agree to the participation by the "Chiang Kai-shek clique" in any international conference. In Warsaw, the Soviet Prime Minister, Marshal Nikolai Bulganin recently told a nine-nation Communist security conference that Russia supports China fully in the Taiwan dispute. Meanwhile, Peking is rushing the military build-up opposite Taiwan—particularly the airfield construction programme. Western military observers agreed that for some months, Communist preparations and Communist strength had been adequate to capture some of the smaller islands of the Matsu group and possibly some in the Quemoy group.

Nationalist quarters remained firm against the prospect of putting into practice Mr. Menon's three-point suggestions. Dr. Wellington Koo, the Nationalist Ambassador in Washington said, "All that is necessary to bring about a truce or ease the tension in the Formosa Strait is for the Peking regime to stop further resort to force." The Foreign Minister, Mr. George Yeh, declared that there is no international or private law preventing a person or a nation from recovering lost property or territory forcibly taken away from him. Taipei therefore sent Washington a memorandum declaring that she would not be bound by any decision or agreement touching the interests of Nationalist China which might be reached in the proposed direct talks between the US and Communist China. The Nationalists also warned that Peking is trying to drive the US from the Western Pacific with the abandonment of support for Nationalist China on Taiwan as the first step. Meanwhile, minefields were laid in Taiwan territorial waters and President Chiang Kai-shek declared that he would not withdraw his garrisons from Quemoy and Matsu.

Washington considers that Chiang Kai-shek's promise not to attack the Mainland without first getting US approval still stands. Some US officials regard this pledge as adequate insurance that the Nationalist will respect any cease-fire in Formosa Strait that can be worked out with the Communists. Mr. Robert Murphy, Deputy Under-Secretary of State, said that US's great and immediate concern was whether war would be forced upon them and that a Formosa cease-fire was an indispensable first step to avoid a Far Eastern war. On the other hand, General James Van Fleet and other retired military personalities opined that the surrender of the Quemoy and Matsu coastal islands to the Communists would not solve Far East problems or ease tensions. Mr. Dulles has warned that the Communists were building up air strength on the Mainland opposite Taiwan to a highly disturbing degree. The US is in no way committed to defend Quemoy and Matsu except if the Communists combine an attack on the islands with an attack on Taiwan. President Eisenhower declared recently that the Chinese Communists had never spoken of any purpose of taking the two offshore islands; their statements had always referred to their intentions over Taiwan. He said that if there accumulated in that area material which would seem to be far in

excess of what was needed to take Matsu and Quemoy and if an attack were started, the US would be justified in assuming that the attack had a broader purpose. Washington was very much on guard against China's exploiting the current fluid diplomatic relations between the East and West and probably would not take any initiative in offering concessions to China. As to the releasing of the four airmen by Peking the US felt that China had no legal right in the first place to imprison the American airmen. Furthermore Washington has already made a conciliatory gesture in granting exit visas to all Chinese students who had received advanced technical training in the US. Meanwhile, US destroyers are still patrolling the Formosa Strait just as they have been doing so since 1950. Official American quarters have continued to maintain a strict silence in the reported increase of American air strength in Formosa. In face of the increased Chinese Communist Air Force build-up along the coast facing Taiwan, it may be reasonable to expect an increase of American air strength on the island. Mr. Herbert Hoover, Jr., Under-Secretary of State, believes that the strength and determination of the free nations to resist the Communist threat has kept vast areas of the Far East from coming under Communist domination.

After intensive exchange of information between members of the British Government and two ranking diplomats—Mr. Humphrey Trevelyan and Mr. Krishna Menon—the assessment of the mood and intentions of the Chinese Communists was that Peking had set out to give the West the impression at least that she did not contemplate trying to seize Formosa by force. Communists have so far balked at stating such an assurance publicly, however, and have made clear that they do not intend to shelve their claims on the island held by the Nationalists.

Communists in Peking do not really want to negotiate a cease-fire. The talks which they have in mind will deal rather with an American abandonment of Taiwan to its fate. The dilemma is that Peking can no more renounce its demand on Taiwan than the US can abandon the protection of the island. Had there been no US destroyers in the Formosa Strait, or had US been less firm in their attitude towards the protection of Taiwan, Communist China would have already invaded the island. Peking realizes now that the chance for the liberation of Taiwan by force is small against the formidable US 7th Fleet. Communists therefore demanded that US must persuade the Nationalists to evacuate Quemoy and Matsu before they would participate in any negotiation. The "liberation" of Quemoy and Matsu will give the Communists prestige and there will be a temporary ease of tension in the Formosa Strait. On the other hand, Communists will then be able to prove to their own people

and nations in the Far East that America is nothing but a paper tiger which yields easily when confronted with the firm demand of the "powerful People's China." The Communist logic will then conclude that China must stand more firmly against the US if she is to liberate Taiwan. At the same time, Peking hopes to obtain a relaxation of trade embargoes and a seat in the United Nations. This explains why Peking had again formally applied for UN membership at the ninth General Assembly session which opened recently in New York. The last but not the least important Communist aim is to drive Britain and the US further apart on the China Issue. The British Ambassador to US, Sir Roger Makins, recently commented that Britain and the US had the same interests in Communist China, the same needs, same appreciation of potential danger, but had a different view as to how the situation should be handled. Britain believes that the Communist regime in Peking has come to stay, is willing to recognize it, talk with it, negotiate with it just as she is willing to discuss and negotiate with Russia. The US does not. Britain is willing to trade with Communist China in non-strategic, non-warlike, non-dangerous materials; but the US does not. Britain believes that there is plenty to divide China and Russia but the US does not. To exploit these differences, Peking recently accused that US had a direct part in the sinking of the British merchant ship Edendale in January this year. Peking also pointed out that the mining of waters of the Formosa Strait and around the coastal islands was another US-directed attempt to intercept international shipping in the area.

The Nationalists for their part, by laying the mines, have shown that they mean to stretch to the limit the definition of independent defensive action which their agreement with the US allows them. With half a century of difference between the Communists and the Nationalists in their platform, policy, doctrine, political system and background it will be very difficult to persuade them to sit down at a peace talk especially when they have tried it more than once and learned from experience that they should never trust each other under any circumstance. However, this does not rule out the possibility of easing the tension by negotiations between Communist China and the United States. The fact is that China would hesitate to invade Taiwan as long as US is determined to protect the island. On the other hand, war can only be prevented by discouraging Taiwan from attacking the Mainland. There could be no satisfactory solution to this dilemma. Peace in the Far East depends entirely on how the present status quo can be maintained until other developments in the arena of international power-politics upset this delicate equilibrium in the Far East.

PROBLEMS OF INTELLECTUALS IN CHINA

Marxism has evidently not made the headway it should among the professors and other members of the non-Communist intelligentsia. In consequence they have to attend a long series of lectures on Dialectical Materialism and Historical Materialism, which have been sponsored by the All-China Federation of Literary and Arts Circles, no doubt under the pressure of higher Party levels. Over 1,200 representatives of literary, dramatic, film, musical, fine arts, dancing and folk song circles in the capital and literary and workers from the northern provinces and Tientsin attended a lecture meeting, presided over by the chief Peace-Fighter Kuo Mo-jo, at which Yang Hsien-chen, the Vice-President of the Marxist-Leninist Institute of the CCP Cen-

tral Committee, addressed them on the struggle between the Communist world outlook and the "subjective-idealistic world outlook". Yang Hsien-chen pointed out that only the dialectical-materialistic world outlook of Communism is progressive and correct, in world outlook. He emphasized the necessity for them to have a Weltanschauung, especially if they were writers. He linked up his talk with the prevalent official Party criticism of Hu Feng's literary thought based on "bourgeois idealism" and expounded the class significance of the struggle between the Communist world outlook and the subjective-idealistic world outlook.

His lecture was the first in a weekly series by the theorists Yang Hsien-chen, Sun Ting-kuo, Ai Ssu-chi and

Chou Yang. Recordings of the lectures are to be broadcast and lecture notes will be published to aid literary and arts circles throughout the country. The lectures are chiefly for the professors and associate professors of the institutes of higher learning in Peking, and over 1,000 have "signed up" for the lectures.

The movement is also extending to the provinces, including Canton, where veteran Communist writers and others conferred for a whole week on the basis of the 2nd All-Union Congress of Soviet Writers.

The writers were told they must learn Marxism-Leninism and its "aesthetics," must learn from the rich experience of the Soviet literature, and "penetrate deep into life and struggle." They were also called upon to "heighten their vigilance against the corrosion of the bourgeois idealistic way of thinking" in literature and art at all times and take steps to safeguard for ever the literary front of Socialist realism.

The Party chief and acting Chairman of Kwangtung, Tao Chu, delivered an exhortation or directive, in accordance with the policy laid down by the Peking authorities, calling upon them to intensify the criticism of the bourgeois idealistic way of thinking, to enhance the ideological character of their work and eliminate the influence of the bourgeoisie inside the domain of literature and arts. "The eager expectation and leadership of the Party moved the writers greatly," said the reporter. "They unanimously pledged that they would study Marxism-Leninism further, penetrate deeper into life and struggle, and fight for the building of a Socialist country and the prosperity of the Socialist realist literary enterprise. The concern shown and the supervision exercised by the youths and the masses," added the reporter significantly, "were one of the factors responsible for the success of the meeting."

Chinese Communist writers returned from the 2nd All-Union Congress of Soviet Writers were very much under its influence. Consequently the approach to the subject of launching a struggle against the bourgeois and idealistic way of thinking in literature and the arts was almost wholly dictated by this experience. Most of those who attended the Presidium of Union of Chinese Writers in the first week of February were in any case out-and-out Communists. Reports on the Soviet Writers' Congress were made by Chou Yang, Ting Ling and Lao She, who said that the Soviet Congress was a milestone in the development of literature not only in the Soviet Union but also of progressive literature throughout the world. The Congress summed up the rich experience gained by Soviet literature in the past twenty years. The Chinese Presidium in turn ordered members throughout the country to study the documents and reports of the Soviet Congress, since they were of "great significance toward the development of our literary and art enterprise."

The meeting of the Presidium pointed out that as a result of the criticism of the bourgeois viewpoint in the study of the "Dream of the Red Chamber" which led to the criticism of the Hu Shih way of thinking, the academic and literary and art circles had launched a struggle against the bourgeois and idealistic way of thinking, and an atmosphere of academic discussion had ensued. An exchange of views was made at the meeting concerning the criticism of the Hu Feng way of thinking in literature and arts which had just begun. The meeting pointed out that this way of thinking was bourgeois and idealistic. In Hu Feng's words, literature and arts did not reflect objective reality but manifested only what he described as the "subjective spirit" or the sincerity of the writers. He looked upon literary and art creation as the association or amalgamation of "subjective spirit"

and "objective reality." To him, creation meant the embracing of the world by the writers with the subjective spirit. In other words, it represented what he described as the "self-expansion" of the writers, while the subjective spirit determined everything. He obliterated the role played by Marxism-Leninism to guide the writers. He was fundamentally opposed to the need for writers to learn Marxism-Leninism, which he looked upon as something stark cold and damaging to creation. He gave publicity to the theory that there was life everywhere, so as to advocate that the writers should shut themselves up in their own small world and thus estrange themselves from the life and struggle of the broad masses of the people.

The literary and art circles, on the other hand, advocated that the writers should acquire the "Communist world outlook," that the writers should bear deeply into the life and struggle of the broad masses, the workers, peasants and soldiers, that the writers should have their way of thinking re-moulded, that the literary and art works should take on a nationalist style and that subjects of great significance should be depicted. Hu Feng described these as the "five swords" planted at the heads of writers and readers. Such a way of thinking by Hu Feng was obviously opposed in stand to the Marxist-Leninist point of view and the line laid down by Chairman Mao to the effect that literature and arts should serve the workers, peasants and soldiers. What Hu Feng described as realism, argued the official survey of the meeting of the Chinese Writers Presidium, was actually something in opposition to realism, particularly Socialist realism. He used the Marxist mantle to cover up his publicity of the bourgeois and idealistic way of thinking over a long stretch of time. He brought a sect into shape to oppose the Communist way of thinking and the literary and art ranks formed by the Party and non-Party progressive writers under the leadership of the Communist Party. His advocacy concerning the form of literary and art activity called in effect for the elimination of the united leadership of the Union of Chinese Writers so that the literary movement might be split to become sectarian activity.

The meeting was of the opinion that the "mistaken way of thinking" entertained by Hu Feng on literature and arts and the course of action he took had brought home the passive effects to the progressive literary and art enterprise in the past and would turn out to be injurious to the development of Socialist realist literature in the future. It resolved that the "mistaken theories" advocated by Hu Feng should be criticised thoroughly on an all-out scale so that the Marxist way of thinking in literature and arts might be enhanced and that the unity of the literary and art circles might be strengthened to render the general line of the State a better service.

The meeting discussed the trend of work and the working plans for the Union of Chinese Writers in 1955. It resolved that the central task should be a struggle against the bourgeois and idealistic way of thinking, develop "free competition in creation," intensify the collective leadership of the union and strengthen the ties between the union and its branches in all places.

The meeting also voted for a reshuffle of certain responsible members of the various organizations of the Union, but it was not stated to whom the purge applied. The meeting also voted that in future the members should be given intensified political and moral education and that a firm struggle should be waged against the "phenomenon of moral degeneration" on the part of some writers, and to remove certain "morally degenerated writers" from the Union of Chinese Writers.

SOVIET HELP TO CHINA

In a review of Sino-Soviet scientific and technical co-operation, the Peking People's Daily says the agreement recently concluded marks a new development in the close co-operation of the two countries. It is described as an important guarantee providing a broader and more profound mutual understanding of their technical conditions and construction experiences, which enables them to carry out co-operation in a more systematic manner and on a wider scale. "The enforcement of this agreement," it says, "will make possible the association of our practical needs with the advanced Soviet science and technique, and experience in construction, with greater perfection.

China has been following the "adamant course" of learning on an extensive scale from the Soviet Union. More rather than less help is needed and this is provided for under the new agreement. At the same time, it will add to the responsibility of the Chinese scientific and technical workers. The work done has not been without shortcomings. The attitude of some of the Chinese organizations toward Soviet technical assistance lacked sincerity and responsibility. They often filed their applications with the Soviet Union for technical materials and charts without first trying to understand the actual conditions and without giving consideration to the practical needs and possibilities. This brought about the accumulation of technical materials and charts. Moreover, many units were unable to appreciate the importance of the valuable Soviet technical materials. They did not seriously study how they should be utilised systematically, much less did they examine their conditions for application.

Similar conditions also obtained in making use of the Soviet experts, who were often not fully informed of prevailing conditions and thus were unable to give positive guidance. Some organizations approached the Soviet experts only when they ran into serious difficulties. Some cadres assigned to learn techniques from the Soviet experts

were transferred when they were only half-way through and their places were taken by others who had to start from the beginning. Some cadres were taught the installation techniques but after they were through with the installation work of their own units, they were not assigned to take up any more installation work; thus when installation personnel were needed by other units, new cadres had to be cultivated again for this purpose.

To ensure the success of the new agreement such conditions would have to be overcome. The employment of the technical materials and charts must be planned item by item. Techniques which the Chinese can solve themselves have to be separated from those on which the help of the Soviet experts is required. The undertaking to supply the Soviet Union with technical materials must be carried out conscientiously, for though these may be limited, that is no excuse for neglecting the work. This all involves a matter of principle, with genuine mutual co-operation of "brother countries" at stake.

This technical co-operation involves construction enterprise in many ways. Leadership quarters concerned have to associate the planned development of the economic enterprise with the cultivation of scientific and technical forces. They must also learn more of the Soviet experience on a wider field and gain a better grasp of the Soviet basic spirit to align science and technique with reality. "The Soviet experience is valuable not only because it manifests the superior ways of thinking that mark the Soviet scientists but because it concretely elucidates the points of view and methods with which they put their scientific knowledge into practice."

At the same time the paper ran a series of articles and letters expressing gratitude for the Soviet Union's aid. They were sent from the Port-Arthur and Dairen area and were mostly written by ordinary workers, factory superintendents, engineers and technicians fostered by the Soviet experts.

PEKING'S IMITATION OF SOVIET POLICY IN MINORITY AREAS

So far the Chinese Communist authorities have been handling with unusual care and skill the problems of the minority nationalities into whose remote strongholds they penetrated with unprecedented speed. They broke up the isolation of the various tribal and other peoples by driving roads through to their fastnesses—and often by various means induced these people themselves to build them. Peking claims, not without justification, that within the past four years all these peoples have become "closely united" in the large imperial family of China. It is still doubtful whether the livelihood has been much improved, but they are being induced to work a lot harder and the Communists see to it that their products have proper markets. There are now about 50 autonomous areas of the status of a county or above, and though the application to them of the phrase of "masters in their own homes" which create the same reaction as the repeated assurances to the workers that they are now the "masters" of the State, there is no doubt they are being dragged willy-nilly out of their long isolation. Whether they get a fairer deal from the State economic agencies is another question, though the Government itself is always prating of the help it gives in many ways.

The building of roads was concentrated in these "minority" areas last year. About 100,000 of these peoples, who include the Mongols and the Turqis of Sinkiang, are now minor officials, where there are over 9,000 primary schools, together with nearly 5,000 national schools which they may attend. But this is merely the beginning of what is admitted to be a colossal task. The Peking People's Daily says there must be more and better tools for them and more and more modern facilities. In this respect Peking is thinking much more of the Mongols and the Muslims and Turqi of Kansu and Sinkiang than of the primitive tribes scattered all over the more "difficult" provinces of the south-west, such as Kweichow and parts of Kwangsi and Yunnan. Few of the latter have to bother about "milkling, wool-shearing, wolf fighting and livestock protection." China is competing, unsavourily though unavowedly, with Russia in this matter. Peking is bent upon showing the Inner Mongols under its authority, as well as the other major non-Chinese races who are neighbours of kindred peoples in Soviet Central Asia, that it can do as much for them as can the Kremlin. Of course, it is not merely a question of rivalry or prestige. The hides, wool, casings, and milk are all of great value to the Chinese: they have long been productive export articles.

It is perhaps because of this unavowed rivalry that Peking blankets all these peoples under the single term of "minority nationalities" though it is of the vitally important people like the Mongols and the Muslims that it is thinking. The principles laid down as "no struggle, no discrimination, and no demarcation of classes," as well as "mutual benefits to pastoral workers and owners of ranches." Clearly, class war in the vast steppes of the Mongol domains would have unpleasant consequences, and so the Chinese are concentrating on a genuine effort to help them moderate. This helps them as well as the Mongols and Muslims, and there is little doubt that in increasing the herds and improving conditions generally the new order has done infinitely better than any regime since the fall of the Manchu Dynasty four decades ago.

These peoples are even promised industries and factories in due course when the heavy industrial projects have been carried out and China can make her own machines. It is claimed that there are also some basic industrial projects

in the national minority areas which have been included in the national plan. But for the present these plans are on paper only, and there is a good deal of impatience among the minority peoples as a result. They are simply told they must wait and be patient and not keep on demanding large-scale development of industry at once. However, when the Mongol herdsmen under the Chinese hear of wool processing plants etc. in Ulan Bator or similar developments, naturally they clamour for the same thing in their own section of the country.

But Peking is frank about the major obstacle. The Mongols have always suspected the Chinese cultivators and colonisers. They were once great. Now they are few: until a generation ago they would have been described as a fast-dying race. "Great Hanism" is the major obstacle to the unity of the nationalities, says the Peking official mouthpiece, and in saying that it is expressing the thoughts of the Outer Mongols especially who are under Soviet direction. The Chinese officials are being continually warned about this, and the campaigns against "Commandism" (rule from above instead of by consent and agreement) have been just as marked in the Mongol areas as in other parts of the country. Next to Chinese imperialism and expansionism Peking places the "local nationalism" of the national minorities and the "great nationalism" of the majority nationalities in some of these minority areas. Here again Peking had its eyes on the Mongols and the Muslims.

All are enjoined to realise that the autonomy policy is the basic instrument for the solution of the minority problems. Only if they feel they are "masters in their own homes" will the minorities respond, and the "new internationalism" and patriotism of the people be strengthened.

"The people of the various nationalities must be told: the political, economic and cultural development of the national minority areas must on the one hand rely on the assistance given by the Chinese who must consider it their duty to give such assistance; while on the other hand the people of the various nationalities must also raise higher their awakening, and fully manifest their own capability and wisdom, if their construction plans are to be realised. This cannot be separated from the internal reform of the various national minorities. This reform, however, must be determined voluntarily by the national minorities themselves, and must be principally carried out with their own efforts, for other people cannot apply pressure on them."

To those zealots who question sceptically whether Socialism can ever be brought to the Mongols and other peoples by such methods, "the answer is definite." The Chinese Communist Party will "continue to adhere to the policy of long-term unity and long-term co-operation in dealing with the patriotic democratic elements and leaders of all nationalities, all religions and sects. All leaders of the minorities and religious sects have contributed beneficially to the stabilisation of the social order and the restoration of economic and cultural enterprises of the national minorities and promoted the unity of the people. They have also acquired considerable knowledge and registered great progress, declares Peking. In due course all who support Socialism will be able to enter into Socialism.

There is another sceptic, who is anxious whether after Socialism there will still be freedom of religious belief, and whether they will be able to retain their special customs and habits. These doubts are similarly brushed aside. It is pointed out that there are scores of minorities, and variety

SMALL ENTERPRISES' KEY ROLE IN JAPAN'S ECONOMY

A fact which is not always fully appreciated is the extremely prominent role played by small and medium-sized enterprises including cottage industries in the makeup of the Japanese economy. They are important in understanding the whole structure of the Japanese economy. They are a vital factor in Japan's export trade, accounting for about 60 per cent of the articles sent abroad. They also hold the position of complementing the large-scale enterprises by participating in various phases of the production schedule. It must be noted, at the same time, that the bulk of the daily necessities demanded by the Japanese people is produced in the small and medium-sized enterprises.

The importance of these enterprises to the Japanese economy can be seen in the fact that an exceedingly large number are employed in them. The 1951 statistics show that in the manufacturing industry, enterprises with less than 200 employees each accounted for 99.4 per cent of the nation's 495,332 workshops. They absorbed 68.2 per cent of the total number of employees. In the commercial enterprise section, according to the same statistics, 99.6 per cent out of a total of 1,434,341 shops employ less than 30 persons each. No less than 90.8 per cent of all shop workers are in the employ of these small shops.

in dealing with them is the spice and security of life! Their development is uneven and the work policies and tasks of the Party officials are likewise different. All the various areas have to be treated as a separate problem and the same propaganda cannot be applied to them as to the Chinese areas. Propaganda on the General Line of the State in the Period of Transition especially must differ and correspond with concrete conditions.

The Peking paper emphasises that the facts of the Soviet Union show that the road of gradual transition to Socialism is a road with "boundless brightness and future." Moscow faced the same problem yet during the past 30 years they had all developed rapidly from their primitive to a more advanced economy. Naturally the paper used the Muslim peoples of the Soviet Union as the main case in point. The development of industry, especially large-scale industry, in the Uzbek, Kazakh, Kirghiz, Turkmen and Tadzhik areas had been "even more rapid than the average speed in the Soviet Union as a whole," and figures were cited to show that production in these Republics increased by 2,200 per cent from 1928 to 1951, compared with 1,600 for the rest of the Soviet Union in the same period. By 1952 the collective farms and state farms on these Republics had altogether 120,000 tractors, 23,000 combine harvesters, over 100,000 sowing machines, and hundreds of thousands of machines for the growing and reaping of cotton, as well as other agricultural machines and tools. Thus there are no more backward nationalities in the Soviet Union. All the nationalities had been developed.

Peking is in fact copying the policies and experiences of the Soviet Union in this as in all other respects. Indeed, the Peking organ insists that the various national minorities "must be informed that the present in the Soviet Union is the future for us." It adds that the nationalities theory of Marxism-Leninism and the nationalities policy of the Chinese Communist Party and Chairman Mao Tse-tung illumine the road of progress of the people of all nationalities in our country. Therefore all minorities are urged to support the gigantic task of Socialist industrialization of the State and to struggle for the realization of the basic tasks of the Party in this field.

Small industries in Japan which have their own peculiar historical backgrounds can roughly be classified into three categories: (1) The industries which are intrinsically of small scale, because of the requirement of extremely high skill, such as embroidery and ceramics in the field of handicraft; (2) the industries which could have been large scaled, but remained dwarfed because of the small and limited demands in the domestic or foreign markets, such as furniture and toy manufacturing; and (3) the industries which have been subordinated to or integrated into large scale industries such as casting or machinery and parts manufacturing.

Small and medium sized enterprises in the second category produce nearly 100 per cent of the nation's furniture and indoor fitting. In the light industries, producing principally such consumer goods as wood products, textiles and foodstuffs, small and medium-sized enterprises clearly occupy a predominant position. Even when the entire range of industries is considered the production of small and medium-sized enterprises accounts for 61.9 per cent of the total.

Products of small and medium-sized enterprises in the first and second categories account for roughly 60 per cent of all export articles manufactured in Japan. Such items as toys, pigments, umbrellas, fishing rods, imitation pearls and magnets, which are exported from Japan, are manufactured exclusively by small and medium-sized enterprises. Silk and rayon fabrics, woolen fabrics, sundries, pencils, binoculars and telescopes for export are for the most part the products of small and medium-sized enterprises. It must be noted that in many cases, the products of large enterprises are actually manufactured in part or in their entirety by the small and medium enterprises.

Small and medium-sized enterprises in the third category are important to the Japanese economy in that they are also associated with or incorporated into the key industries. Despite the development of modern enterprises, they have been playing an auxiliary role to the big industries by taking over part of the latter's production process. This has been a historical characteristic of capitalism in Japan. In other words, large enterprises have sought to reduce their working capital and costs by distributing orders to subcontractors. At the same time, they used the small and medium-sized enterprises as a safety valve in the fluctuation of business. This relationship between the large and small enterprises is conspicuous in such cases of the machinery and metal industries. The machinery industry, in particular, has the subcontract system as the basis of its operations and depends to a great extent upon subcontractors of small enterprises.

Following are the characteristics of the Japanese small and medium-sized enterprises: Firstly, they are numerous and provide employment to a large portion of the population. Secondly, they are to be found not only among the traditional handicrafts and such industrial fields where large-scale fixed equipment is not required but also among the industrial divisions belonging to the machinery and metal industries. This point cannot be overlooked in considering the structure of Japanese industry. Moreover, not all small enterprises operate on an independent footing but are in fact subordinate to large enterprises through the wholesale agencies or subcontract system. An outstanding characteristic to be found in the commercial field is that the overwhelming majority constitute small business which depend upon labor of family members rather than employed labor.

Thirdly, such minor businesses make up the lowest stratum of the Japanese industry—commerce and manufacturing alike—due largely to there being side-jobs in both urban and farming communities. As such, they relieve unemployment of the relatively surplus population. Herein lies the major reason why the problem of small enterprises in Japan not only has its economic but also its social facets.

The development of modern industry is synonymous with the growth of large enterprises featuring large-scale production and expansion of domestic and overseas markets. It is an indisputable fact that this advance of large enterprises was accompanied by the failure of many small enterprises and the rise of as many. Problems pertaining to small enterprises arise, first of all, from the fact that they are greatly handicapped, as compared with large enterprises, in competitive capacity including production equipment and technique, financial credit, and sales system. Small enterprises, however, incur these disadvantages not only by reason of their inferior competitive position in the same line of business but also by the more complicated pressures resulting from the social and economic structures of the country. In other words, the subcontract and wholesale system tend to shift upon the small enterprises the burdens of large enterprises. In addition, the subordination to large enterprises owing to financial inferiority necessarily forces small enterprises to suffer disadvantages in business planning and execution.

Poor business and financial management, low level of technique and inefficient labor administration are among the shortcomings of small enterprises. However, they have their own *raison d'être* in Japan and the Japanese Government has been taking measures to enable them survive against the competition of large industries, as is seen in the exhortation of the government to have them organized into co-operatives. Other measures which should be taken include the strengthening of their competitive power in the distribution of products, for they are far less favored than large enterprises in the sales of products and the purchases of raw materials. Small enterprises should also be given greater access to loans from financial organs. Furthermore, they should take organized action to prevent abusive and disadvantageous administrative treatment. In this connection, the measures prepared by the Government seek to improve the economic environment of the small and medium enterprises to assure them fair competition in addition to promoting rationalization within the enterprises themselves.

Following are the highlights of the measures:— The cooperative system aims at the organization of the financially weak small enterprises to enable them to compete with large enterprises. The cooperative system is based on the spirit of mutual aid and purports to improve the economic position of small enterprises by cultivating their competitive power and alleviate the monopolistic tendency of advanced capitalism. By means of cooperative production, they can turn out products of better quality at lower cost. They can also mutually benefit by cooperating in storage, in transportation, in inspection, in experimental projects, in purchase of necessary materials, in sales of finished articles, in sales publicity, in joint loans, etc.

To achieve these purposes, the establishment of cooperatives is being encouraged in conformity with the Act for Smaller Enterprises Cooperatives. The cooperatives are divided into four categories. They are: a. Enterprise cooperatives in which individual entrepreneurs maintain autonomy and cooperate in the fields where rationalization is further necessary. b. Enterprise cooperatives in which member entrepreneurs pool necessary capital and labor. c. Credit unions which receive deposits and extend loans under a cooperative system. d. Federations of these respective cooperatives.

The number of existing cooperatives exceeds 34,000. The Government provides an annual subsidy for the establishment of facilities for cooperative activities in production, processing, storage, transportation, etc. The subsidy for fiscal 1954 amounted to ¥300,000,000 (approximately \$833,000).

Emphasis is laid on obtaining funds to be loaned exclusively to small and medium enterprises and on strengthening their credit position. Their lack of credit makes it extremely difficult for them to obtain loans from general city banks. Financing organs for small enterprises include the following:—

1. Small Businesses Finance Corporation: This organ was established in September, 1953. Capitalized in full by the Government, it extends longterm loans to small enterprises at a low interest rate of 10 per cent per annum. Loans are extended through chartered banks numbering 405 throughout the country. A total of ¥19,000,000,000 (approximately \$53,000,000) of funds was available for fiscal 1954. Loans approved as of the end of February, 1955 amounted to ¥31,700,000,000 (approximately \$88,000,000) in some 15,000 cases.

2. People's Finance Corporation:— This organ started operation in June, 1949, taking over the business of the disorganized People's Bank and the Pension Bank. It is a Government organ to supply operating funds to small businesses not eligible for loans from general city banks. This corporation, too, is capitalized in full by the Government. Funds on hand at the end of January, 1955 totalled ¥39,100,000,000 (approximately \$110,000,000) and loans extended aggregated ¥38,700,000,000 (approximately \$109,000,000) in some 610 cases.

3. Central Bank for Commercial and Industrial Co-operatives:—Established in December, 1936, this is a financing organ which deals with the cooperative unions including small and medium enterprises. Cooperatives play a vital role in the measures for small enterprises and, moreover, financial backing is essential to the progress of the cooperatives. The Central Bank for Commercial and Industrial Co-operatives principally extends loans to cooperatives. Its funds consist of the capital invested by the Government, deposits by the unions and the money raised by issuing debentures. Funds on hand at the end of January, 1955 totalled ¥34,100,000,000 (approximately \$97,000,000) and loans extended aggregated ¥54,200,000,000 (approximately \$150,000,000) in some 10,000 cases.

4. Credit Security System:— Under this system, the Government insures indemnification of the loss incurred by financing organs or the Credit Security Associations due to default of obligations by small enterprises. The Credit Security Associations are an organ established chiefly by local governments to facilitate loans to small enterprises without adequate security or guarantor. The Associations guarantee the credit of such small enterprises after they have been fully investigated. A system is in operation under which experts investigate, make an analysis and take corrective steps in the defective management of small enterprises. So far, about 60,000 cases have been checked. Training courses for accounting and production techniques are opened as the occasion demands and printed handbooks are also distributed.

The Small Enterprises Stabilization Law is enforced to regulate activities of small enterprises so that they will avoid undue competition among themselves. Attention is constantly paid to see if such laws as the Labor Standards Law and taxation laws impose undue pressure on small enterprises. Recommendations are made to the Government authorities concerned when the revision of these laws or their *modus operandi* is considered necessary.

MACHINES IN MALAYA'S RICE FIELDS

Mechanised rice cultivation, replacing bullock and human labour by the machine, is being looked on as the tonic for all Malaya's rice production ills. They are many, and mechanisation is surely coming to this land of 7,000,000 people where there are worries about too many mouths to feed and a dying interest in rural life, but even the most sanguine agricultural experts are not hopeful about an immediate rise in the production of rice from the internal combustion engine.

Malaya has already come a long way along the road to mechanisation. Tractors are a commonplace sight in the rural areas, many of them are privately-owned, but where the machine is most needed, in the undersized padi (rice) fields, there are major snags still beating the experts. Political parties and pressure groups that talk a little glibly at times of the immediate benefits of mechanisation often seem to overlook the many undoubted difficulties ahead.

At the moment Malaya's rice industry is sorely in need of some panacea. Rice yields have risen steadily since the war but at about 700,000 tons a year, they are sufficient to meet only half of the country's needs. The rest must be purchased on the open market in Siam, Burma, Indochina or even in parboiled rice from India. In the past Malaya's Government buyers have often been beaten up to a high figure in the competitive market and although rice importing is now in the hands of hard bargaining Chinese traders, prices have not fallen spectacularly.

While the housewife feels she is still paying as much as before for the staple food, Malaya's own padi planters are finding that imported rice is entering the country at a cheaper price than they can produce it, for in Malaya the cost of living is high and padi methods not always efficient. As a stop gap measure, the Government is handing out HK\$30,000,000 to relieve hardship amongst the padi growers. But this is no more than a temporary measure and the issue has still to be decided between the two schools of thought which maintain on the one hand that Malaya should industrialise completely and buy rice from those who know best how to produce it and on the other that Malaya needs a stable farming community.

With this background, progress with mechanisation is being closely watched. Here, it is thought, is a technique which will give the best of both worlds, an efficient agricultural industry at the cost of no extra labour.

Apart from padi, mechanical methods will make the land itself more productive in many ways, for today's padi planter, tired after the labour of harvesting, is inclined to rest until the planting season comes around again in a few months' time. With the hard labour removed, it is believed that the tractors could be brought into use twice in the year, the second time to prepare the ground for a quick cash crop.

Tractors, the basic requirement of any mechanisation programme, are being increasingly used in Malaya. Many are on rubber estates where they have a score of uses, others are used in the bigger rice areas for hauling trailer loads of padi sacks to market over muddy roads.

There are several centres for training tractor drivers and many of the machines are now finding their way into the rice fields, owned either by co-operative societies or purchased communally. Most of them are of the low powered type, but there is an increasing demand for the medium

machine, developing 40 brake horsepower and costing HK\$12,000 each. The Government-sponsored Rural and Industrial Development Authority, which in three years has done much to oust the bullock, is now reducing the number of tractors it operates for hire as there are many privately-owned machines in the field.

But tractors are still a qualified success. They still cannot work on all types of land yet and it may be a little time before they are generally acceptable or completely efficient.

The Rice Production Committee which made the most exhaustive post-war survey of padi production in Malaya, was not hopeful about tractors. It was asked to report on measures that would in three or four years see a rapid improvement in the amount of local grown rice. It reported: "The use of tractors for cultivation has not yet been developed to the stage at which the committee could feel satisfied that its prospects in normal padi cultivation could be assessed with confidence."

One great difficulty with the use of tractors was that in Malaya they were costing about HK\$15 an hour to operate, including charges for depreciation and the hire of the driver, or about HK\$40 an acre. This was money that had to be paid out in hard cash at ploughing time when the padi planters was least able to do so. Not surprisingly, though more tractors are being bought, there is still an affection for the slow moving bullock. Bullocks provide manure for the farm and they breed.

Tractors may be making slow progress, but there is little doubt about their future in Malaya. They have come to stay, as have powered fishing boats.

Mechanical cultivation experts of the Agricultural Department are more worried now about mechanical harvesting, a problem still waiting a solution.

Harvesting requires large amounts of labour and is one of the most costly processes of padi cultivation. One of the major difficulties in any attempt to cheapen harvesting has been the superstition among Malay padi planters which leads them to "steal" the ear of the rice stalk, with a sharp knife concealed in the palm of the hand, carefully cutting the ear and leaving the stalk. It is a slow method, aimed at preserving the rice stalk's "soul."

Attempts to harvest with mechanical reapers have proved extremely difficult. Recently an American combine harvester, costing about HK\$50,000, was imported in an attempt to solve the problem but reports from the first trial have not been encouraging. The tests showed that it was as cheap to cut by hand as manoeuvre the big machine around Malaya's pocket-handkerchief rice fields. The combine, which cuts and thrashes, throwing out bales of rice straw and bags of padi, handled 63 acres producing 60 tons of padi. In Malaya it would cut only half an acre an hour against a claimed performance in the United States of seven acres an hour.

Malaya's rice fields are the most difficult in the world for mechanical cultivation and in the mud of the North Malayan padi fields the experts saw their hopes of a quick answer to the problem dashed.

The machine was difficult to work at night or in the morning when the grain was damp. A light shower stopped work for several hours, while torrential rain bogged the machine down. The combine was purchased because it was

ACCELERATION OF POPULATION GROWTH IN EAST ASIA

(Prepared by the Population Branch of the United Nations Bureau of Social Affairs)

The rate of population growth has recently been accelerating in parts of East Asia because of progressive reduction in death rates, not matched in most cases by corresponding changes in the birth rates. With the exception of Japan—the only country where birth rates are known to have fallen in recent times—there has been a considerable increase since the second world war in the annual excess of births over deaths in those few Asian countries for which nearly complete vital statistics are available. This tendency has an important bearing on the economic and social problems of the countries concerned, and it is useful, in considering the future of the region, to determine as well as possible to what extent the vital rates have been affected in different parts of the region up to the present time. Very few countries have adequate vital statistics. It is only in Ceylon (since 1920), Taiwan (since 1906, and especially for the period 1906-1943), and Japan (since 1920) that vital statistics are adequate and can be used for the computation of various rates. In Malaya registration data for the post-war years are usable. For the few other countries which do collect vital statistics, the data are usually deficient. In India, for example, where evaluations of the efficiency of registration of vital statistics are available, it has been revealed that the average omission of births in the registration area during each decade of the past 60 years has seldom been less than 30 per cent of the recorded number. Omissions in death registration during the past 40 years have been equally numerous. Consequently, the recorded birth and death rates cannot be used even as approximate indications of the levels of fertility or mortality, and give unreliable indications of their trends. However, there are official estimates of vital rates for India for an overall period 1881-1951 based on census returns. Another source of statistics relevant to mortality and fertility is the "sample" surveys made in recent years in, for example, mainland China and south Korea. However, in these two cases the reliability of the data obtained seems to be open to question.

Estimates of fertility and mortality have been made for purposes of this article by a method of stable population analysis. A stable population is one in which the age structure is stable as having been conditioned by constant mortality and constant fertility in the past. The method used is based on the principle that a population subjected over a

capable of climbing over the raised bunds at the end of each field which at sowing time confine the irrigation water, but in muddy Malayan conditions the rear wheels stopped turning and dug rut 14 inches deep.

"Under average conditions it was found that there was little difference in the cost with hand labour," said a report.

The search is still going on. Learning from experience new types of machines are being constructed or existing machines modified. Slow though progress may be, mechanisation is coming to Malaya and the answer may yet be found, as has been suggested by some agriculturists, in "padi estate" formed from combining scores of small padi fields.

Certainly in semi-industrialised Malaya there is more incentive than in other South East Asian countries to press forward with mechanisation.

period of time to constant fertility and mortality rates develops a stable age structure (an unchanging proportion of population in each age group) the form of which is determined by the levels of the fertility and mortality rates. If it is assumed for the purposes of an approximation that the age structures shown by the censuses of the countries concerned are stable age structures in this sense, it is possible to deduce from the form of the age structure in each case an estimate of the level of the birth rate and in some cases an approximate indication of the range of the death rate. This method of stable population analysis gives better estimates of birth rates than of death rates because the age structure of the population is more profoundly affected by a change of a given magnitude in fertility than by a change of corresponding magnitude in mortality. The study from this point of view is necessarily confined to those countries for which there are population censuses with usable age data. Six countries are so covered—Burma, China, Federation of Malaya, Pakistan, Philippines and Thailand, in addition to the four countries (Ceylon, India, Japan, and Korea) for which adequate vital statistics are available from other sources. Thus data or estimates are obtained for 10 countries which account for about 90 per cent of the total population of the region (which is estimated at about 1,350 million for 1953).

There has been a general decline in mortality. In Japan the death rate has dropped very steeply from a medium level of 17 per thousand persons during 1935-39 to as low as 9 in 1953. In India the death rate has shown a steady decline from a rather high level of 31 per thousand persons during 1931-40 to a moderately high level of about 25 in 1952. In Ceylon, Taiwan and Malaya a very rapid decline in mortality has brought death rates down from the moderate level of 20-25 per thousand persons during 1935-40 to a low level of 10-15 in 1952-53. The figures for the other countries are less definite but they also show a general pattern of substantial decline of the death rates between the pre-war and post-war periods.

The recent changes in the death rates can be viewed in a longer historical perspective for Ceylon (1871-1953), Taiwan (1906-43), India (1881-1950), and Japan (1920-54). The population of these four countries and areas accounted for about 35 per cent of the total population of the region in 1953. However, certain common experiences of the mortality of these four countries and areas seem to be relevant to the demographic situations of the other countries of the region. In this sense findings for these four countries and areas should have a significance that is greater than their proportional size in relation to the total population of the region. The mortality experience of Ceylon and Taiwan have been similar, and seem to be particularly useful for an understanding of what has happened in the region as a whole. In both, the death rate before 1920 was at a level of about 35 per thousand persons. The corresponding expectation of life at birth was about 28 years. Between the first and second world wars, the crude death rate declined gradually from this level of 35 per thousand, and seemed to be tending toward a limit of about 18 per thousand, which corresponds to an expectation of life of about 43 to 45 years.

The trend in Japan has been somewhat different. At the beginning of the present century, the Japanese expectation of life at birth was about 45 years; it increased to about 50 years prior to the end of the second world war. This moderate change was due mainly to decline in Japanese infant mortality, since life expectancy at age 1 remained fairly constant at the level of 50 years during that period.

In India, the mortality levels were abnormally high prior to 1921. This was due to the fact that prior to 1921 India was frequently affected by severe famines and pestilence over large parts of the country. The estimated death rates for the four decades during 1881-1920 reflected this condition, being well above 40 per thousand persons. During the subsequent decades there has been a substantial and steady decline of the death rate due to the fact that famines and pestilence were more and more under check. The death rate was estimated at 36 per thousand persons during 1921-30 and 31 during 1931-40.

From the mortality experiences of Ceylon, Taiwan, and Japan, it seems reasonable to infer that under the conditions which existed in the more favourably situated countries of the region, before 1940 it would have been possible without great changes in the level of living of the peoples to attain a life expectancy at birth of about 43-45 years or a death rate of about 18 per thousand persons. In every country in the region a decline of mortality toward such a level had already begun prior to the second world war, and had proceeded much farther in some areas than in others.

Since the end of the second world war, a new mortality situation has developed. With the advent of new drugs to control endemic diseases, the death rate entered a steep decline toward a new limit which seems to be located at about 10 per thousand. This trend can be seen in Ceylon, Taiwan, Japan, Korea, Malaya, the Philippines, and Thailand. In terms of the limiting expectation of life at birth, the change corresponds to an increase from 43-45 years to about 60 years.

In some other countries and areas, including mainland China and India, it appears that the death rate, though falling since the second world war, has not yet reached the same low levels that are indicated for the countries mentioned previously, where a large measure of control of endemic diseases has now been achieved.

The relatively low natality in Japan is in sharp contrast with the generally high natality in the other countries, and particularly in those of South-East Asia. The birth rates of Japan were below 30 per thousand population during the two periods, as compared with levels of 40 to 45 in the other countries. Japan is the only Asian country where a decline of natality has occurred. Over the three decades 1920-53 for which Japan has reliable data, birth rates declined from a moderate level of 35 per thousand persons in 1920-29 to 28 in 1950. Since 1950, the drop of the birth rates was very steep, to less than 22 in 1953. The declining trend of fertility in Japan is confirmed by the gross reproduction rates computed for selected years. The gross reproduction rates of Japan dropped from 2.66 in 1920 to 2.40 in 1930, 2.06 in 1940, with a short recovery to 2.22 in the 1940's as shown by the 1947-48 data, and then declined to 1.82 in 1950 and to 1.62 in 1951. Family limitation is probably the main reason for the declining fertility in Japan.

In other Asian countries the generally high levels of birth rates of 40 to 45 per thousand have not changed very much between the pre-war and post-war periods. In Ceylon, the birth rates on the whole have shown a slight decline during the period 1871-1953. Prior to 1900, Ceylon's birth rates were more or less constant at a level of about 50 per thousand persons. They declined slightly to 45 between 1901 and 1911 and to the level of 40 ever since the latter

year. This small decline in Ceylon's fertility was borne out more clearly by the ratio of births per annum to the number of married women aged 15-44. The ratio dropped from .364 in 1891 to .322 in 1901, .305 in 1911 and 1921 and to .262 in 1946. One possible explanation of this falling fertility is the general trend toward increase in the age at marriage of women between 1910 and 1950. Another plausible cause is the urbanization which has taken place in that country during the present century.

In Taiwan, fertility has shown no decline during the period since 1900. In fact, it may have risen slightly. The gross reproduction rates remained at first at the level of 3.00 in the years 1905, 1915 and 1920 but increased to the level of 3.30 in the years 1930, 1935 and 1940. The possibility that a rising fertility level may result from some improvement of living conditions cannot be ruled out in countries where the peoples have not yet adopted practices of family limitation on any significant scale.

The level of fertility of India changed but little during the period 1881-1950. Estimated birth rates were close to the level of 50 per thousand persons during the four decades 1881 to 1920. The birth rate was estimated at 45 during the two decades 1921-40 and at 40 during the decade 1941-50. On the surface, the estimated birth rates have shown a small decline, and further evidence of a small decline in the Indian birth rate during the period 1881-1950 can be derived from the reasoning which follows: In India, famines and epidemics were rampant prior to 1920. It would seem reasonable that fertility during 1881-1920 was held in check by these adverse conditions of life, and that under more favourable conditions the Indian birth rate might have stood well above the level of 50. However, according to recent findings of Indian census authorities, the observed decline in the birth rate may well be due mainly to the minor shifts in the proportion of married women in the various maternal age groups in the reproductive span. There seems to be little to indicate any appreciable change in marital fertility since 1881.

In other countries, birth rates have apparently been stable during the past twenty years. This stability of fertility is a characteristic of the populations of the East Asian countries.

Levels of natural increase in some of the South-East Asian countries and areas, notably Ceylon, Malaya and Taiwan, were high during the pre-war period 1935-40, signifying a rate of population growth which ranged from about 10 to 25 per thousand per annum. Since the end of the second world war, a rising trend in natural increase has been observed in these countries as a result of a steadfast decline in mortality coupled with a generally stable level of high fertility. The period of the early 1950's has witnessed in these countries such high levels of natural increase as 30 to 35 per thousand per annum. These levels are among the highest ever known in the world.

In Japan, the declines in death rates since 1920 have, with few interruptions, outstripped its fall in birth rates. The rates of natural increase in Japan were 12.0 per thousand persons in 1920-24, 13.7 in 1930-34, 13.8 in 1940-44, 17.3 in 1950, and 12.6 in 1953. It is only quite recently that Japan has shown signs that falling fertility (if it continues) may outpace falling mortality, as the latter has already reached a low level.

The rates of natural increase in India were very low and devoid of trend during the four decades of 1881-1920, but rose to 10.6 per thousand in 1921-30, 15.0 in 1931-40, and 14.1 in 1941-50.

The present levels of the annual rates of natural increase are about 10 to 20 per thousand, or roughly com-

THE TITANIUM INDUSTRY IN JAPAN

(By a Japanese Industrial Correspondent)

Although only several years have passed since the Japanese titanium industry was established, yet its development is very remarkable. The amount of titanium produced each month has now mounted to about 90 tons; this being second only to America which produces about 400 tons each month. Further, to reach 250 tons, over 3 times of the pre-

parable to the present rate in India and to the rates observed in Ceylon, Taiwan, and Malaya during the pre-war period. The widespread declining mortality of the region implies that these other countries also may experience rising trend in natural increase if little relative change takes place in their birth rates. The resultant acceleration of the rates of natural increase emphasizes the need for a timely solution of the increasingly pressing problem of raising the level of living of the peoples.

Conclusion

The recent rates of natural increase in Ceylon, Taiwan and Malaya have probably been in the range of 25 to 35 per 1000 population. With the exception of Japan, many other countries may be in the same situation in the near future. This level which is among the highest ever known in the world is due to a high fertility associated with a low mortality. These conditions will tend to rejuvenate the population and to add to the needs for feeding and educating the young people, building houses and employing the additional workers in productive ways.

This increase of youngsters is the result of a decline of mortality which is not due to an improvement of the level of living but has been largely brought about by the use of new drugs. The problem for the future is to create suitable economic basis for their life and thus to avoid the possibility of a setback, or even a reversal in the decline of mortality.

It is possible—though perhaps not likely in the immediate future—that the increasing load of dependency will induce Asian families to cut down their fertility as the Europeans did a hundred years ago. The birth rates observed in Europe in the middle of the 19th century were not far different from those now being observed in Asia, although social conditions were very different. The high level of fertility in East Asia is the result of counteraction between factors which tend to increase the number of children born, such as early marriage, and factors which tend to space successive pregnancies. It is impossible to foresee the social adjustments which will occur as the result of the decline of mortality.

The case of Japan is different. That country seems to be approaching a new demographic equilibrium, with both low fertility and mortality. If so, in the long run Japan will attain demographic equilibrium, but many demographic problems remain to be solved. One is an aging of population which Japan must face but which will not within the foreseeable future confront to a comparable extent the other countries of the Far East. Another is that Japan has adopted abortion as a means of limiting the size of the family, and some Japanese demographers fear that this may have very bad effects on the reproductive capacity of the population.

sent amount, within this year is not difficult. The Osaka Titanium Seizo Co. now has the capacity of producing 37 tons each month and further is in a hurry establishing another 30 ton plant, which is expected to be completed by this July. The Toho Titanium Co. now boasts of a monthly production of 50 tons. On the other hand, the Nippon Soda Co. completed a 10 ton plant last autumn, after a long tentative period. Although there are other two companies of the Mitsui Mining and Smelting Co. and the Nippon Denki Yakin Co. which have each one ton plants, yet there seems no intention of their starting the industrialization at once. Thus it may be said that the above mentioned three companies represent the titanium industry of Japan at present. These three are now submitting applications for a loan to the Kaigin (The Nippon Development Bank), having planned to double their present production capacity. Judging from the plans, they will be able to complete production capacity of 130 tons all together (present production capacity included) each month by this summer with their own funds, and will be able to increase to as much as 250 tons each month when they have obtained a loan from the Bank.

The reasons why Japan has succeeded in the speedy industrialization of the titanium industry ahead of the western countries are because:— (1) Japan has an aptitude for the Kroll Manufacturing method which needs a highly difficult chemical operation. (2) Large scale production being impossible, this industry is suitable for the Japanese. (3) Raw material can be obtained in Japan. (4) The overseas quotation being so high, the titanium production is very profitable.

European countries have to import most of the metal from Japan or America. Titanium has a bright future in the field of special steel and light alloy industries. The export price of titanium was reduced from 4.5 U.S. dollars per lb. to 3.95 dollars, as the Dupont Co. of U.S. reduced the price of spongy titanium from US\$5 per lb. to 4.5. It is partly as counter-measure that Japanese producers are getting ready for the increase of the production, and it seems that they are confident that they can produce, with the Kroll method, cheaper titanium than America. However, they need the practical application of the waste material such as the use of tetrachloride vanadium or magnesium reduction in order to make a further cut in the price. Although they hardly see the possibility in the near future that the American titanium makers will entirely forsake the Kroll method, judging from the fact that the American Government has given a huge subsidy for the Kroll method, yet they are constantly conducting a study of such reduction method as by sodium instead of magnesium. Finally, the last task that lies before the Japanese titanium producers is the question of the study of its practical application. Now they export almost all titanium in the spongy form, which it is more profitable to export than the finished article. The three companies of the Sumitomo Kinzoku Kogyo Co., the Kobe Seiko Co. and the Furukawa Denko Co. have already made a tentative success of the study, and are now producing nuts for aeroplanes as well as thin metal sheets, rods, pipes and wire. Thus the Japanese titanium makers are now making efforts so as to extend the market for finished articles of titanium, by using them in place of stainless steel or other anti-acid materials for chemical use, not being able to put more emphasis on the aeroplane industry.

JAPANESE FILMS

By Donald Richie

The recent foreign interest in Japanese films has been phenomenal and the resultant praise has been almost unanimous. Yet these films which other countries are seeing and praising are by no means Japan's typical film product. The success of Japanese films abroad was, in a way, as calculated as it was unprecedented. Masaichi Nagata of Daiei films stated that he purposely studied foreign cinema with an eye to export attraction. The first result was "Rashomon" followed by "Ugetsu Monogatari" and "Jigokumon".

The very qualities which make Japanese films prize-winners and resultant money-makers abroad, however, tend to alienate the home Japanese audience. This audience was confused by "Rashomon"; having lived all their lives in the atmosphere of "Ugetsu" they found nothing so wonderful in it, and though they liked both Machiko Kyo and Eastman Color they found little else to praise in "Jigokumon".

The Japanese film producer consequently finds himself in an uncomfortable position. In order to obtain prestige abroad he must sacrifice at least a part of the home audience; in satisfying the Japanese at home he must forgo foreign honors. Thus the industry is beginning to make two kinds of pictures: one for home, one for abroad, just as the kimono-makers for decades have made a flashy number for export and a more subdued one for home use. And the producer must satisfy Japanese audience if he is going to make money.

To be sure, film-making itself is not nearly so expensive in Japan as elsewhere. A standard black-and-white would cost about \$63,000 to make—as against the \$900,000 necessary if the same kind of film were made in America. The stars get around \$11,000 a picture and the extras make eighty cents a day. The wages of the technical staff vary. Fumio Hayasaka, the leading film composer in Japan, received \$1000 for his score for Shichinin no Samurai (Seven Samurai). This is small-change compared with American film expenses but in Japan it is big money. So big that despite the fact that Japan contains 4000 motion picture houses, despite the fact that in the last year movie attendance has jumped from 805 million to an estimated 840 million, the leading motion picture companies can show only a small margin of gain.

This means that the six major film companies must turn out new pictures as rapidly as possible to keep money coming in at the box-office. Thus each company releases at least one, and sometimes two full-length films each week—a production schedule which would leave Hollywood, or any other film production center, gasping. With such a heavy production schedule, it is not surprising that the standards of, say, "Ugetsu" are not often met. What is surprising is that the standard is as high as it is.

In the six-month period from September 1, 1954 to March 1, 1955, the six major film companies produced 182 feature films. Of this number only four might be described as outstanding and some of these were made with an eye on the foreign market. The four were: "Senhime" (The Princess Sen), a Kodachrome period drama; "Chikkamatsu Monogatari", now running at Cannes under the title "The Crucified Lovers"; "Twenty-four Eyes", an expertly made tear-jerker which has already won the Hollywood Henrietta Award, and "Shiosai" (The Sound of Waves) a film version of Yukio Mishima's best-selling novel).

The other 178 movies were average Japanese films. Of the grand total, 96 were historical films and 86 were modern.

The Japanese, particularly the rural Japanese, have a strong preference for historical films and their favorite period seems to be Tokugawa or before (62 of the 96 were so laid) and, in fact, from the Japanese point of view, all the big foreign-prize winning films have been simply period dramas and little else.

The modern films made in the last six months have included 11 straight adventure movies; 10 mysteries; 17 films devoted to social issues and 28 love stories—11 with unhappy endings, 13 which ended happily and 4 with both or neither ending, depending on how you look at it.

Japanese adventure films are usually about gangsters but, of late, there has been a Jungle-Boy series as well as Gijilla, an atomic monster whose film debut last year broke the box-office intake record previously established by "Kimi no Nawa" (Always in My Heart).

Mystery films are also very popular in Japan. They are all of the Philo Vance or Charlie Chan variety—famous detective solves spectacular murder. The comedies are singularly unfunny from the Western point of view. They may or may not include the currently ubiquitous Tony Tani but if they don't they usually offer someone just as objectionable. The majority of love stories are perhaps best described by simply giving the title of one of the most popular: "Darling, Don't Die!"

Of far greater general interest are the films which look at some particular social problem and either merely reflect it or else suggest a solution. In the last half year there have been many more than usual—a fact which has suggested to some that the Japanese audience is finally beginning to take cinema seriously, that is, as more than simply entertainment.

The Japanese audience is all important to the movie industry and is unlike any other audience in the world in that its behavior is quite erratic. It much prefers foreign to Japanese films and yet, at the same time, is oddly unselective when it comes to the native product. No one thought that "Twenty-four Eyes" was going to make much money but it was second in the top box-office grossers of the year. Everyone was certain that "Shunkin Monogatari"—which contains a very unpleasant sequence where the sleeping Machiko Kyo has boiling water poured on her face—was going to make a lot of money but it didn't. The audience is unselective but, at the same time, it is extremely knowing. Even though the star-system in Japan as everywhere else is the keystone of the economic structure of the industry, it is not at all unusual to find movie-goers, particularly among the younger generation, who follow directors, film composers and even producers with an avidity usually reserved for the stars alone. There are, for example, numbers of youngsters who "collect" John Ford and will run all over the city to catch a showing of "Stagecoach".

The Japanese film product is approached in the same appraising manner and the name of Kurosawa or Misoguchi means something to the film-goer. The audience may happen to like, say, "Kimi no Nawa", but it is always cinematically alert. It is particularly alert to cinematic honesty and nothing will throw it further off than a slip in production or obvious phoniness in plot, characterization, settings or what have you. Fortunately the audience's demand for honesty coincides with the very strict production budget of the film makers. Documentary techniques, for example, were used in Japan years before they became popular in the

JAPAN'S AIRCRAFT INDUSTRY

Japan's aircraft industry is booming as a result of the build-up by Japan's infant postwar air force. The most ambitious project is the Government-sponsored and U.S.-backed three-year plan of constructing 70 F-86 Sabre jet fighters and 97 T-33 jet trainers with the goal set at June 1958. The program is expected to improve the production technique of the industry.

Production of jet planes is a long-planned project. The present Hatoyama Government, with a promise of positive assistance from the U.S. Defense Department, decided to start the undertaking. The first stage will be the assembling of airframe parts supplied by the United States. This stage has commenced. The U.S. supply parts of airframes, technical assistance and machine tools, and pay expenses for patent, license, and royalty, under the Japan-U.S. Mutual Defense Assistance Agreement. American assistance is estimated at \$35,000,000; 70 per cent of the estimated total cost of the entire project. The Government pay for the cost of labor, transportation of materials, purchase of finished aircraft, and miscellaneous expenses. The total sum to be borne by the Government is estimated at 30 per cent of the total cost, or a yen equivalent of \$15,000,000.

The airframe parts will be later produced, designed to completely satisfy the demand. The first F-86 are expected to come off the assembly line in August 1956 and when the plan is completed, the monthly production capacity of aircraft will reach 16. The first home-assembled T-33 is expected around the end of this year, and the first home-manufactured craft in August next year, with a planned production capacity of seven planes a month.

The Government allocated for this fiscal year Y5,800,000,000 for the Defense Agency to push ahead the program. Besides the sum, expenditure for the purchase of 27 home-built T-34 propeller-driven trainers is also allocated.

When the aircraft industry was allowed to start in 1952, there were over 40 companies that applied for the

West. Indeed, there was never a time when some documentary work was not done in Japanese films. Nowadays only a few sets are used and the rest of the film is made on location. Every day in Tokyo stars and technicians by the busload can be seen filming. Department stores, parks, highways, temples—everything eventually appears on film. Likewise, a tight budget and an alert audience insist upon clever camera work and often inspired editing. Not a scrap of material is to be wasted in the making of a film. The combination of economy and a wide-awake audience make the Japanese film probably more craftsmanly in its construction than that of any other country.

Even the weakest of the typical products has something to recommend it. "Miyamoto Musashi" (The Master Swordsman), a period drama and a dull one, used color superlatively well; "Somewhere Under the Blue", a typical domestic-comedy used the camera to tell the story in a way that was novel, original and probably cost very little. "Bomeiki" an overly-long story of war-time hardships was filmed with meticulous attention to detail and consequently achieved really cinematic reality. "Issumboshi", a horror film about a dwarf, had the same wonderful nocturnal feeling that the Germans used to capture so well in the macabre movies of the 1930's.

One could go on and on. In fact, it would be hard to name a typical Japanese film product that wouldn't, for one reason or another, be worth seeing. All of which makes one think the producers a bit short-sighted when they deliberately set out to snare foreign interest as they have been doing, with products made especially for it. As it stands now, the typical Japanese film product compares favorably with any in the world.

production or overhauling of aircraft, engines and parts. After three years of competition and rationalization by the Government, there are only six major aircraft companies left with a working capacity. They are the Shin Mitsubishi Heavy Industry, Kawasaki Aircraft, Fuji Heavy Industry, Shin Meiwa Works, Showa Aircraft and Shin Nippon Aircraft, all technically affiliated with foreign, mostly American, aircraft companies. The past three years were devoted to the absorption of modern technique and expansion of factory equipment and facilities. During the period, they were generally engaged in over-hauling of American military aircraft used by the U.S. Far East Air Force, Naval Aviation units, or American allies in the Far East. Production of small propeller-driven trainers and helicopters were also partly included.

Shin Mitsubishi Heavy Industry, which is scheduled to tackle the production of 70 F-86s, has at present an overhauling capacity of \$1,200,000 a month. Under a technical affiliation with the United Aircraft and North American Aircraft companies, it continued the overhauling of U.S. aircraft for the past three years. Last year, the company started the overhauling of F-86 airframes. During the four months from April to July 1954, the company overhauled 32 B-26s, nine C-46 transports, and 16 F-86s.

Shin Mitsubishi also overhauls piston engines mainly for imported aircraft being flown by Japan Air Lines. Kawasaki Aircraft will be responsible for the construction of 97 T-33 jet trainers. This company is technologically affiliated with Bell and Lockheed aircraft companies, and its monthly overhauling capacity is now 12 fighters and trainers including such types as T-33, F-41, F-81, and RF-80. Another Kawasaki undertaking is the overhauling of jet engines. The company entered into a contract in May last year with the U.S. Far East Air Force for the overhauling of 330 jet engines—65 J33s, 85 J35s and 180 J47s. FEAF provided the company with the necessary machine tools estimated at \$1,362,000 plus technical assistance estimated to reach \$351,000. The company on its part expanded its equipment and facilities with the investment of Y650-million for jet engine overhauling. The company can overhaul 100 jets per month. Kawasaki will go a step further from T-33 to the production of F-100 or F-104 jet fighters—frontline fighters of the U.S. Air Force.

Fuji Heavy Industry was slow in the competition. It failed to secure orders for overhauling from the U.S. Far East Air Force, and its efforts are now concentrated on the production of T-33 propeller-driven trainers for the use of the Defense Agency. Fuji Heavy Industry obtained the production license for T-34s from the Beechcraft Co. in 1953, and during the past two fiscal years, received orders from the Defense Agency for 76 T-34s. This year, the company expects orders for 27 more T-34 trainers from the Defense Agency. The company also overhauls light planes used by the Self-Defense Force such as T-34s, a chance for the production of T6Gs, L-19s and is waiting for light jet trainers.

Shin Meiwa Works obtained a contract from the U.S. naval forces for the overhauling of American naval aircraft. With the scheduled expansion of its plant at Itami near Osaka with the investment of Y250,000,000, Shin Meiwa is planning to proceed to the production of aircraft for the Maritime Self-Defense Force, the future navy of Japan. On the other hand, the company has a program of overhauling C-119 transports under technical affiliation with the Douglas Aircraft Co. after June this year and is stepping up preparations.

Showa Aircraft has an overhauling capacity of \$300,000 to \$350,000 a year covering such types as L-17, L-19, L-20, OE-1 and C-45, propellers and fuel tanks. Shin Nippon Aircraft concentrates on the overhaul of naval aircraft such as P2V anti-submarine planes, F9Fs, AD-4, and others.

The future of the aircraft industry hinges on the scale and quality of the Air Self-Defense Force.

ECONOMIC LETTER FROM TOKYO

The All-Japan Banks Association elected President Seiji Seko of the Fuji Bank as the new chairman, and President Shozo Hotta of the Sumitomo Bank as the new vice-chairman. The new chairman spoke on the need for banks to decide their money rates voluntarily along the line of normalizing banking and financing. He hoped the Government (1) to effectively carry out economic consolidation measures, (2) to place the Government finance on a sound basis and respect self-governing right of bankers, and (3) to establish elastic money-rate policy.

Business circles generally hailed Finance Minister's address before the meeting of All-Japan Bankers Association in that he stressed the need of accumulation of capital and sound finance and investment, and assured the Government's efforts to contribute toward the end in the management of State finance. They are of opinion, however, that normalization of banking and finance has to keep pace with the progress of capital accumulation, and expressed caution against any attempt to make haste without the other. They wished the current fiscal year to be really a year of consolidation, and any steps to shift the deficiency in national finance to the money market to be avoided.

Pre-depreciation nominal earnings of the nation's banks during the period October, 1954 to March, 1955 amounted to Y37,200 million, the highest since the war's end and an increase of 8% over the preceding half-yearly period. The officially announced net profit was also higher by 6.6%. This result was attributed to the unexpectedly satisfactory increase in deposits that continued even after the turn of this year.

The news of Japan's successful conclusion of tariff negotiations with the GATT members was welcomed by the business circles, in particular by traders, as indicating the approach of formal participation of Japan in the international organization. More importance is attached to the political significance of this country's regaining a membership in the economic community of nations rather than to the favorable effects on our exports as a whole, on which

no sanguine hopes are entertained in general. Satisfaction was, however, expressed especially over the tariff cuts on optical instruments, ceramics and toys, etc. They see no serious effects of the new tariff arrangements on this country's imports.

Japan's balance of international payments, which had been favorable ever since June 1954, turned adverse in May (a deficit of \$1 million or more). Still, in view of the post-war record-high export L/C received during the month (\$160 million), which were only slightly below the \$161 million import L/C opened, no worsening of balance of payments situation is expected for some time to come. This may be explained by the increased exports of iron and steel, and cotton goods of late. In the latter half of this year, however, the situation will be affected by the dwindling special procurements and increasing imports.

The Japan Federation of Employers Association is planning to launch a nation-wide movement of productivity increase along the following lines: (1) It will seek cooperation of the Government, men of learning, radio and press as well as the public in general, not to mention of labor & capital; (2) The results obtainable from the productivity increase will be shared in principle among the three—capital, labor and consumers; (3) All possible steps shall be taken to solve the inevitable transitional unemployment based on the spirit of joint responsibility.

The Government will make a survey of the nation's wealth as of December 31, 1955. For this purpose a special committee of 30 members, including university professors and men of wide experience, will be formed in the Economic Counsel Board. The planned survey will be the first in 20 years. The previous one in 1935 recorded the national wealth of Y170,000 million. The Board plans to survey during the current fiscal year (1) state-owned property, (2) property of Government agencies, such as public business and financial corporations and (3) property of private corporations. The project will be completed by the first half of 1957.

ECONOMIC REPORTS FROM CHINA

SCIENTIFIC RESEARCH

Scientists in China were recently urged by the Authorities to help in the creation of the 600 industrial projects that form the backbone of China's industrialisation programme. Metallurgists must improve methods of iron and steel smelting and find new uses for rare metals. Scientists in the machine building industry must study the designing and manufacturing of heavy power-generating, electrical, mining and metallurgical equipment; of precision gauges and optical instruments and of automatic and remote control systems. In the field of civil engineering, research work in engineering geology, soil dynamics, prefabricated construction and questions of structural dynamics in building in earthquake regions should receive special attention. To coordinate the planning and conducting of research, a national plan for research work will be drawn up. President of the Chinese Academy of Sciences, Kuo Mo-jo, outlining the developments in scientific work since 1950, said that Chinese scientists had made striking progress. In natural science, there were new conceptions in the field of mathematics, physics, chemistry, biology, geology and geography, having great significance for further research work. Geologists had prospected iron, copper, manganese and other important metal deposits and coal mines, revised low estimates of known mineral deposits and discovered new ones. Metallurgists had studied nodular cast iron and manganese and molybdenum alloy steel. In meteorology, important contributions were made to national defense, communications, agriculture and water conservancy with the improvement of accuracy in weather forecasting. In agricultural sciences, good varieties were cultivated and methods for combatting locusts and several important cotton pests discovered. Important achievements were also made in the comprehensive study of anti-biotics. In addition, new achievements were made in surveys of soil, plants and aquatic products and in comprehensive surveys of South China and the Yellow River. At present, the Chinese Academy of Sciences has 41 research institutes and 2,063 research workers. In addition there are over 60 research institutes affiliated to different ministries with more than 3,000 workers. Over 38,000 faculty members in the country's higher educational institutions recently started scientific research work. Large number of students were sent to the Soviet Union and other countries for advanced study.

POWER PRODUCTION

Czechoslovakia is helping China to build and expand seven modern power plants located in Tsingtao, Shanghai, Kunming, Tangshan and the border regions of Southwest China. A power plant in Shanghai will raise its generating capacity by 60% by the end of this year. The Tangshan Power Plant will enlarge generating capacity by 80%. Expansion of a power plant in Tsingtao was completed recently. China's first 10,000-kilowatt hydroelectric power generating equipment is now being built by the Harbin Power Equipment Plant. This power equipment will be used by the new hydroelectric station at the Kwantung Reservoir near Peking. The first mobile power station started operating recently at Kiamusze, Northeast China. It is carried on 13 waggons and travels along the railway to provide electrical power for industrial and civilian use in and around Kiamusze. A new hydroelectric station in Szechwan Province will be built along the Min River, a tributary of the upper Yangtze. This station will be linked up with the ancient Tukiangyen irrigation system to form a joint irrigation and power generation system. Since 1950 two new hydro-power stations have been built and an old one restored in this region. A fourth station, so far the biggest in Southwest China, is now being built along the Lungki River not far from Chungking. Construction of a new power

plant has just begun near the Kokiu Tin Mines in Yunnan. This is the second fully mechanised thermal power plant built in Southwest China. The first began working in Chungking in April 1954. In Wuhan the No. 3 Power Plant is now being enlarged.

INDUSTRIAL EXPANSION

Light industry in 1954 produced three times that of 1949 in value. Output of cotton cloth went up nearly 300%, flour nearly 200%, paper 350%, sugar 100% and cigarettes 100%. In 1954 per capita consumption of cotton cloth was 3.6 times that of 1950. Flour consumption per head went up three times in the same period compared with 1949 and sugar 2.5 times. State-ownership in light industry was 25% in 1949 and 47% in 1954. The output of heavy industry expressed in terms of the total industrial production rose from 29% in 1949 to 43% in 1954.

Construction has started on two cold-storage plants in Canton. One will be able to store 690 tons of fresh marine products and the other 1,300 tons of fruit. Other factories which Canton will build this year include a fishing trawler ship-yard, a fishing equipment factory, and an oxygen factory. Among 28 factories to be expanded are the Canton People's Paper Mill, the Kwangtung Pharmaceutical Factory and a wine factory. In Hailar, Inner Mongolia, work on the main factory buildings of a modern meat packing plant started recently. When completed, the plant will handle 180 head of cattle and 1,200 sheep daily. Ten new or entirely-remodelled workshops were added to the Shenyang No. 1 Machine Tool Plant. The plant is now one of the biggest machine tool plants in China. All the 10 workshops are equipped with machinery from Russia, Czechoslovakia and East Germany. In Sikang, there are now 65 factories and mines. The province's industries include metal works, cotton mills, tanneries and food processing factories. In the minority areas on the Sikang-Tibet Plateau and in the mountains there are power plants, iron smelting and mica works. Sikang's asbestos sources are at present worked by four mines. Modern screening equipment and light railways were recently added to these mines. Output of asbestos last year was over 51 times that of 1950. A cork factory will be set up in northern Hupeh where the mountains abound in cork oaks.

Some 10,000 machine tools and other equipment including hoists, transport and electric equipment made in China have been supplied to China's First Motor-Car Plant under construction in Changchun. Structural framework for the cold-drawing workshop, the last shop to go up at the Plant, was recently completed. In less than two years ten big buildings and dozens of warehouses and auxiliary workshops have been put up by assembling of factory-made reinforced concrete parts, steel structural frame parts and prefabricated brick blocks. Production trials have begun in the die-making shop and the metal parts shop. Four other workshops making spare parts will start production trials before the end of this year. Factories which will supply the plant with accessories when it goes into full production have also begun trial production. They include rubber, paper, glass and electrical equipment works. Personnel for the plant are being trained at some 50 other industrial units in the country.

170 new products for use in the iron and steel and mining industries have been made by China's machine building industry since 1953. They include one cubic metre electric shovels, 100-ton ladle cars and 50-square metre sintering machines. Last year the manufacture of iron smelting equipment was started and output this year will exceed the 1954 level by almost 60%. Compared with last year, output of equipment for the steel industry is expected

to rise by 150% and ore dressing equipment over 40%. An improved type of iron ore sintering plant was manufactured by Shenyang Heavy Machine Plant. It is capable of sintering several thousand tons of fine ore dust in 24 hours. The machinery is already in use in Anshan. The first magnetic switchboard for use in a blast furnace was completed recently. It is now being installed in Anshan on a remodelled blast furnace. Its parts were made by electrical equipment plants in Shenyang, Siangtan and Anshan. China is now producing six times as much coal and other mining machinery as in 1952. Eight new types of coal hewing and ore mining equipment will be manufactured this year, among them new types of excavators and boring machines. State-owned collieries have been provided this year with more than double the number of China-manufactured coal combines and other machines. Fourteen new types of coal mining machinery are now under production. They include explosion-proof electric locomotives, large-size air compressors, drilling machines and large winding engines three metres in diameter. China's first hydraulic high-speed lathe was successfully produced by a machine-building factory in Shanghai. It is of the latest type with a maximum speed of 4,000 revolutions per minute. Large scale production of this lathe will begin next month. A new universal lathe with the highest precision and efficiency ever made in the country was completed recently in Shenyang. The new lathe will soon go into mass production at a plant which is being expanded into one of the country's biggest machine tool plants. Two new types of heavy crushing machines went into production at the Shenyang Heavy Machinery Plant recently. 17 new types of crushing machinery will be made this year for mining. China began producing crushing equipment in 1952. Since then 25 types of equipment, including the giant conical crusher, have been manufactured. Production of precision gauge blocks for measuring and testing precision tool parts recently started in Harbin by the Harbin Measuring Instruments and Cutting Tools Plant. The blocks are among the 180 new products made by the plant since it started production in January. Mass production of tractor-drawn agricultural machinery has now begun in China. Among 18 kinds of new agricultural implements are grain combine-harvesters, 48-row sowers, universal fodder crushers, cultivators and seed selectors. More animal-drawn farm tools will also be turned out by agricultural machinery factories. Recently Shenyang Mining Machinery Plant produced its first belt conveyor able to deliver 250 tons of coal an hour. Sugar refining machinery produced in China this year will equip eight refineries. Some of the refineries will be able to handle 200 tons of sugar-cane daily. State-owned textile machinery plants this year will manufacture 40 different types of combine machines for printing and dyeing. The new roller printing machine will print 20 metres more cloth every minute than the currently used ones. The new combine bleaching machine will double the working efficiency of those now used. The bleaching machine will be entirely automatic and require fewer persons to operate.

Manganese-Molybdenum steel will replace 1% chromium steel in Chinese machine-building industry. Chromium will be reserved for the production of other alloy steels, including stainless steel, high-speed steel and heat-resisting steel. Mass production of manganese-molybdenum steel will begin soon. Supplies of manganese and molybdenum in China are more abundant and cheaper than chromium. Anshan Iron and Steel Company recently succeeded in producing silicon steel. Laboratory tests proved that the silicon steel and sheets are up to state standards. Anshan Iron and Steel Company's output of pig iron increased by 100 tons per head during the first five months of this year, compared with the same period last year.

Two big coal-fields have been discovered along the Hankow-Canton Railway. Preliminary surveys estimate that the other nearby coal-field is even richer. A new coal field with deposits four times bigger than its nearby Chung-liangshan Coal Field was discovered near Chungking. This new field contains coking and steam coal. Deposits of good quality coal have been discovered in Tsaidam Basin, where

oil prospecting is now going on. The deposits consist of seven seams totalling some 25 metres in thickness. They are suitable for open-cast working. The Tsaidam Basin is one of the concentration points this year in oil prospecting. Numerous oil-bearing structures and seepages have been discovered around Wuchung in eastern Kansu Province. Preparations are now being made to drill a deep test well on the biggest structure which extends over 120 square kilometres. Kansu Province's oil reserves are among the richest in the country. China's biggest oilfield, Yumen, is located in the western part of the province. Diamond yielding deposits have been discovered in Northern Hunan. Investigation of non-metallic resources will be carried out this year over an area six times bigger than last. Twenty-six kinds of non-metallic resources are being prospected. Among them are limestone, fire-clay, silica, dolomite, phosphates and quartz. Large-scale prospecting has begun at the foot of Omei Mountain in Western Szechwan for the opening of a big phosphate mine. At present the rich supplies of phosphate rock in the mountainous area are mined on a limited scale for an existing fertiliser plant. Output by this plant will be quadrupled this September when the plant completes the mechanisation of its processes. Magnetic prospecting from aircraft was recently employed for the first time in China to locate mineral resources in the Chilianshan Mountain region in Kansu.

China will export 32,000 tons of newsprint this year—seven and a half times last year's figure. Before the war China's annual import of this item reached 70,000 tons. Export of Tientsin carpet has reached 11,800 square metres this year. This is about 60% more than that for the same period last year. State-owned woollen mills plan to produce 1,101,000 metres more woollen fabrics and 193,900 kilogrammes more knitting wool this year than last. The total output of woollen fabrics from January to April exceeded the target by 27.57%. A new silk mill, the biggest in Southwest China, recently began production. Forty looms have already been installed and another 94 will go into operation by the end of this year. The mill will then be able to turn out 930,000 metres of silk and 150,000 pieces of silk tapestry a year. Fukien, major resin producing province in East China, plans to raise the output of resin this year to 3.4 times that of last year. The increased output will be brought about by building, expanding or restoring 14 resin factories this year.

AGRICULTURAL DEVELOPMENTS

The wheat harvest in South China is the highest ever recorded. It is 380,000 metric tons more than last year. The harvest is of winter wheat planted at the end of last autumn. In Szechwan peasants gathered in a crop 12.9% bigger than last year. In Hunan, the harvest was 44.3% more. In southernmost Kwangtung, an increase of 36.3% was registered. This year the area under winter wheat in the South was more than nine million hectares, or 9.6% over that of last year. Yields were in general higher, too. In Szechwan, the per-hectare yield was 27.6% above last year's national average. Turning fallow land in these traditionally rice-growing areas into wheat-growing areas and using them for other winter crops is an important reason for the increase in the grain output. The crop in Honan is 2% above the state plan and that in Anhwei 18.2% higher than the plan. The total winter wheat crop, amounting to 85% of the whole crop for the year, is roughly 5,800,000 metric tons more than the combined total of both winter and spring wheat in 1949. The rape-seed harvest is about 19% more than last year. Rape-seed ranks second to peanuts in importance as an oil-bearing crop. Szechwan, the biggest producer, reported a 28% increase over last year. Chekiang, Kiangsi, Kweichow and Yunnan reported a 20% higher crop. Cotton planting in China is nearing completion. The total acreage planned for this year is nearly double that of 1949. The expanded acreage has been concentrated chiefly in the high-yielding areas of North and East China. High-yield seed has been planted on half a million hectares more than last year. Advance buying of cotton this year was recently completed. The original plan

was exceeded by 0.6%. The total amount of cotton purchased is 3.8 times that of last year. Advance payments reached a total of 138 million yuan. Tea exports will register a 17% increase this year. The Soviet Union and the People's Democracies are the main purchasers. In addition to London, Rotterdam, Hamburg and Paris, China will also send tea to Egypt, Syria, Chile and Argentine. China's tea output this year will be 30% greater than in 1950.

WATER CONSERVANCY

An extensive survey of China's water resources will be carried out before the end of 1957. Data required for the drafting of overall plans to harness several major rivers in China, including the Yellow and the Yangtze Rivers, will be collected. Surveys will be carried out for the building of irrigation projects that will expand the country's irrigated acreage by over two million hectares, or two-thirds the size of Belgium. A survey of the Haiho River system in North China has begun. This biggest river system in North China has been the cause of floods in the past because all five rivers empty into the same channel just before reaching the sea. Water control work along the Huai River for the first half of this year was completed ahead of schedule. During the past five and a half months works were done on two reservoirs and a water detention basin. They will supplement the five existing reservoirs and 16 detention basins to hold back together with them 198 million cubic metres of water during the high water season this summer. This is the fifth year that this giant project has been in progress. Hundreds of thousands of hectares of farmland are now watered by the river and the first hydroelectric station in the river valley has started generating power. The survey of the middle reaches of the Yellow River will cover an area of 22,000 square kilometres in Shansi. Over one-tenth of the total amount of silt washed into the Yellow River annually is from the Shansi area. A new reservoir will trap the fertile silt now washed away by the river and divert it to farming land by means of irrigation canals. This reservoir will be built on the Hsiao Chuan Kou, a tributary of the Yellow River in Shensi. Sites for reservoirs are now being surveyed along the Han River, the largest tributary of the Yangtze. More than 80 sites have been chosen for the building of reservoirs along the Yangtze River in the past five years. Over 15,000 kilometres of the river and its tributaries have also been surveyed. The largest reservoir in Sinkiang is being enlarged by engineering units of the Chinese People's Liberation Army stationed in the province. When completed, the Mengchin Reservoir, north of Urumchi, will have a storage capacity of 60 million cubic metres of water.

RAILWAYS & HIGHWAYS

An aerial survey of the western section of the Lanchow-Urumchi-Alma Ata Railway will start soon. This survey will cover the stretch from Yumen westwards to the Sino-Soviet border. Construction of the southern section of the Paoki-Chengt'u Railway has now reached Szechwan-Shensi border 367 kilometres from Chengtu. From Szechwan the new railway will extend northward, crossing part of Kansu Province to meet the cross-country Lunghai Railway at Paoki in Shensi Province. A new railway 314 kilometres long has been finished between Litang in Kwangsi and Tsamkong in the Leichow Peninsula of Kwangtung opposite Hainan Island. The railway links up with Hunan-Kwangsi Railway in Kwangsi Province and is expected to prove valuable for strengthening the national defences and the liberation of Taiwan, as well as for helping foreign trade. Construction of the Lhasa-Shigatse Highway has begun. The first stage of construction will cover the renovation of 30 kilometres of a former caravan track and pass through a mountain 5,300 metres above sea level. The 93-kilometre Shigatse-Gyantse Highway will be completed in three months. The Chinghai-Sinkiang Highway was recently restored to traffic. It links Sining with the southern part of Sinkiang, passing the Tsaidam Basin where large-scale oil prospecting is being carried out.

PROSPECTS FOR CHINA

A Book Review* by Tetsuji Kada

In *The Prospects for Communist China*, W. W. Rostow offers a searching analysis of the situation in present-day Communist China, based on as accurate and as up-to-date source materials as was possible to obtain. One of the chief merits of the book is the author's stress on the causal relationship between past and present. He does not look at Communist China as something entirely new and different from the old China; rather he maintains the attitude of an historian who goes back to the past in search of the origins of seemingly new phenomena.

Regarding the Opium War of 1839-42 as a prelude to the Communist victory in China, Mr. Rostow devotes his opening chapter to the last 100 years—that is, to describing the processes of revolution by which China was modernized. Against this background, one can see the connection between Chinese communism and the traditions of Chinese society that a century of modernization failed to eliminate. The same relationship is observable in Soviet Russia and was discussed by Nicolas Berdayev in his *Origin of Russian Communism*. Some students of China, however, have seriously overlooked this important factor. The "progressive intellectuals" in particular look only at the progressive aspects of a Communist regime and fail to note the fact that what makes the Communist system work, especially its dictatorship, is the backwardness of the community. The writer's accurate grasp of the meaning of these relationships is penetrating; one could only wish that more space and attention had been devoted to the interpretation of historical background.

Mr. Rostow presents much of his analysis of contemporary China from the point of view of sociology. The writer sees problems existing in various strata of the Chinese Communist hierarchy, beginning with the top leaders and ranging down through the military, the intellectuals and the petty leaders at the lower levels. He believes there is no likelihood of a split in Communist China as long as Mao Tse-tung is firmly established as the top leader of the regime. In his opinion, there is at present a close accord between Mao and Chu Teh, Deputy Chairman of the Chinese People's Republic, keeping the Communist rule firm. However, there is a fair chance that serious problems may arise in the event some kind of change is necessitated in the regime. At such time it is possible, he says, that latent dissensions and sources of tensions, particularly among the military and the intellectuals, may erupt into serious trouble for the successor regime.

This reviewer agrees with Mr. Rostow, but sees as a far more important potential source of dissension the agricultural situation in Communist China. Farm policy is one of the most difficult issues involved in any Communist revolution, as the Soviet experience has shown. The problem is compounded in China by the fact that the Communist seizure of power evolved out of agrarian revolution. Although the farmers rejoiced over Communist policies in the initial stages of revolution (particularly the redistribu-

tion of land which followed the establishment of the Communist government), their attitude toward the regime has now undergone a marked change. There is much evidence to indicate that they deeply resent the enforced collection of grain as a form of direct taxation. They also feel bitterness at having to feed the army and the urban population. They are no happier about the collectivization program. Occasional local uprisings among the Chinese farmers, some news of which leaks to the outside world, may be explained as explosions of discontent about this situation.

The regime faces an equally critical state of affairs in its industrialization program. At the time of the Communist overthrow, China's economic development was far behind that of Russia in 1917. By 1954 the level of Chinese industrial development was somewhat less than that of the Soviet Union in 1928, before the latter had embarked on Stalin's first Five Year Plan. At present, 80 percent of the Chinese population is still engaged in farming, only 20 percent in industry.

Under these conditions, the Mao regime has no choice but to take cognizance of Soviet attitudes. The weight the Soviet Union carries as a world power naturally enables her to exert tremendous influence upon the Chinese Communist regime. While some degree of greater independence has been noticeable in the latter's attitude toward the Soviet Union since the death of Stalin, Peiping still leans heavily toward Moscow. On the other hand, the important position Communist China now occupies in Asia prevents the Soviet Union from treating her as a mere satellite. The Mao regime has far-reaching influence, both militarily and diplomatically, upon the other countries of Asia, and Moscow has no desire to alienate its affections.

The present leaders of China are intent on creating conditions which will enable the country to attain a higher level of military and industrial development. Mr. Rostow maintains that while the regime will have to overcome a great number of obstacles before it can achieve its objectives, it has succeeded in creating conditions of relative internal stability through enforced control and disciplinary measures. Therefore its position of real and potential power should not be underrated.

Speaking as a Japanese, the reviewer would like to stress the value of this type of book for Japanese readers. Our commentators on Communist China too often give only a superficial picture, based either on shallow observation or calculated distortion. The fact that even non-Communist Japanese visitors to the new China have spoken in glowing terms of Mao's achievements on the continent may be laid to several factors: 1) a distorted view of these achievements, due to the fact that visitors to China see only what their hosts want them to see; 2) a sense of inferiority toward a regime set up through revolution in a China which was once ravaged by an unsuccessful Japanese invasion; and 3) nearly complete oversight of the historical process of revolution which has produced the Communist China of today.

The so-called "progressive" intellectuals of Japan are especially guilty of these inadequacies and distortions. Yet they are the ones who all too often claim the Japanese reading audience, while the works of prewar scholars, pre-

* W. W. Rostow: *The Prospects for Communist China*. Technology Press, Massachusetts Institute of Technology, and John Wiley & Sons, Inc., New York, 1954.

While the major contribution to this volume is Mr. Rostow's, he gives credit to a number of collaborators, including Richard W. Hatch, Frank A. Kiernan Jr., Alexander Eckstein, and others of the Center for International Studies, Massachusetts Institute of Technology.

ECONOMIC LETTER FROM MANILA

Economic trends and tendencies remained unchanged in April. Basically, the weak spots previously noted continued and no definite stimulating factors appeared in sight to indicate a reversal of the prevailing pattern. April developments revealed the following: Cost of Living steadied in April at 303.9 per cent (1941 = 100). The food items index increased fractionally following a steady drop since January. With the exception of rice which showed appreciable gains, all the other components of the food items index registered sharp downtrends. Miscellaneous items fell off 3.3 points, setting at 266.8 per cent. The index for clothing continued steady at 267.6 percent, while house rent remained unchanged at 453.9 per cent. Purchasing power of the peso stood at 0.3291 in April, a slight improvement of 0.0080 point over January.

The all-items retail prices index declined to 92.4 per cent in April, off 0.6 point from March, as against 97.5 per cent a year ago and 98.3 per cent last January. The Central Bank wholesale prices index for April slipped to 90.7 per cent, off 0.6 point from the previous month. The wholesale price index for imported commodities declined moderately to 117.7 per cent, a new record low in five years. The wholesale prices index for export products also dipped to 89.3 per cent in April, a new low for the year.

April foreign exchange receipts and disbursements of all banks, except those of the Central Bank, resulted in a

senting valuable views of China in the historic context, must go begging for publication or readership.

Among Western scholars, the importance of what is happening in China and all of Asia today has led to a noticeable increase of intensified study on Chinese affairs. This volume by Mr. Rostow and his collaborators is an excellent example of the studies being conducted. It is well worth the time and attention of any reader who seeks a general understanding of present-day China under Communist rule.

net disbursement of \$10.12 million. A year ago, total proceeds exceeded dollar disbursements by \$5.88 million. Exchange receipts from visible and invisible exports totalled \$41.87 million in April as compared with \$45.39 million the month previous. Disbursements for the same month amounted to \$51.99 million, reflecting a decrease of \$1.56 million from the March transactions. Visible import payments reached \$46.22 million in April, while disbursements for invisible items dropped to \$5.77 million.

International reserves in April declined sharply to \$246.78 million, an all-time low since December, 1949. International reserves of the Central Bank dipped to as low as \$188.15 million in April, while foreign exchange holdings of other banks sagged to \$58.63 million, a new low level for the year. Central Bank authorities attribute this unprecedented decline in reserves to—(1) The heavy dollar allocations to meet capital goods and raw material requirements of operating industries; (2) Lower export receipts owing to the decline in prices of major money commodities; (3) Increased freight rates; and (4) The decontrol of certain essential food imports like canned milk, canned fish and meat and wheat flour.

Staple products were weak in April, excepting sugar and rice. Copra in the local market averaged only P28.13 per 100 kilos in Manila, while hemp (Davao and Non-Davao J1 combined) averaged only P28.47 per picul in April. Sugar for export averaged P13.65, up P0.34 compared with the month previous, but domestic consumption sugars declined slightly. Rice was firm and Macan No. 1 and No. 2 combined averaged P19.71 in April, up P1.03 from the month before. Securities Trading in April was brisk, with total shares traded reaching an all-time high of 94,709,300 shares, valued at approximately P8,375,276.39. Building Construction in Manila declined to 422 in April, reflecting the approach of the rainy season. Value of permits granted dropped to P3,432,825, off P8,610,895 from the March level.

HONGKONG NOTES

HONGKONG SHIPBUILDING INDUSTRY

The Hongkong Transportation Co., Ltd. will build 30 600-ton oil barges for the Burmese Inland Water Transport Board at a total cost of \$11 million. The barges will have an overall length of 160' with a beam of 29' and draught of 7' 6". They will be built at the Company's yards at Ngau Chi Wan. About 600 additional welders, riveters, sheet-iron workers and labourers will be taken on by the Company. These barges will be completed by July 1 next year. Other local yards also have vessels under construction. One firm is fitting out a buoys and lights tender (111 feet overall) for the Government of Sarawak. Two 46-foot wooden general service launches and a 72-foot shallow draught launch will be constructed for the same government. A shallow draught, twin screw passenger and mail tender is on the stocks for the Government of Brunei. The Western Pacific High Commission ordered a 128-foot cargo and passenger boat. Kowloon Docks are building two ferries and Taikoo is constructing a sister ship to the s.s. Chungking of about 6,000 tons. The Hongkong and Whampoa Dock Company is repairing the 4,436-ton French freighter, *mv Torima*. The ship went aground on an uncharted submerged wreck in the San Bernadino Straits off the Philippines early this month. The bottom of the ship was badly fractured and dented from bow to stern. 64 plates will be replaced and 12 flattened into their original positions. The cost of the whole job approximates \$1.25 million and will be completed within five weeks.

NEW BUILDINGS

The four-storey Shatin Heights Hotel opened last week following the closure of Harbour View and Arlington Hotels in Kowloon. Perched on a knoll 200' above sea level, the large white building has an unobstructed view of the entire Shatin Valley and is the first hotel to be built in that district. It has its own water supply. There are 40 bedrooms in one wing, a large restaurant and a bar. All bedrooms are air-conditioned and have bathrooms. Every bedroom has a balcony overlooking the valley. The building is owned by Hotel Edinburgh Ltd. The Company recently sold the Harbour View Hotel and the Arlington which will be demolished. Multi-storey new buildings will be built on these sites. The Hongkong and Shanghai Hotels, Ltd., will shortly commence the erection of a 12-storey apartment at the corner of Nathan and Middle Roads, adjacent to the Peninsula Hotel. The ground and mezzanine floors will house the Kowloon Branch of the Hongkong and Shanghai Banking Corporation, at present accommodated in the Peninsula Hotel. On the ten upper floors there will be hotel accommodation consisting of self-contained service apartments, suites and single rooms, each with private bath attached. The entire apartment section of the new building will be air-conditioned. As to the building of the \$20 million City Hall, Government has not yet indicated any definite date by which the work will commence. The programme for re-settling squatters in multi-storey buildings will be carried a stage further with the construction of an additional twelve seven-storey blocks at Li Cheng Uk in Kowloon. The whole scheme, which will be completed in 1956, provides 7,000 rooms for resettlement purposes. The project will be carried out in two stages. Seven blocks will be erected first to provide just over 4,000 rooms and the first block will be ready for occupation probably in December. The reinforced concrete buildings will be fire-proof. The rooftops will be utilised as playing areas.

HONGKONG COMPANY MEETINGS

Hongkong Mines, Ltd. reported a profit of \$1,757, after the provision of Directors' Fees amounting to \$8,000. During the year the Company effected a compromise settlement with its former General Managers, Messrs. Nielson and Co., Inc., of a debt amounting to \$235,988 (on the Company's plant, machinery, and mining equipment) by a payment of \$146,142. The company's war losses, incurred during the war when the mines were worked by the Japanese, now ceased to appear in the balance sheet, together with pre-war claims against the company amounting to about \$15,000. The Metal Industries Corporation, Ltd. announced a dividend of 20 cents per share on 500,000 shares. Ship-breaking and rolling activities were transferred to Hongkong Rolling Mills Ltd., in which the Company owns a half of the issued capital of one million dollars. This new concern has to date broken or is in the process of breaking four vessels. Shareholders were asked to subscribe for new shares before July 23.

FINANCE & COMMERCE

RICE REPORT

Production: In 1954/55 less rice is believed to have been harvested than the previous year, but the world crop is still the second largest on record. Individual countries had varying experiences. The Indian crop estimate shows a fall of over 4 million tons, or 9 percent, as against the previous year. A sharp fall in output occurred also in northeast Thailand and western Cambodia. The Thai crop is now thought to be over 2 million tons lower than last year's, but the existence of old crop stocks should enable Thailand to maintain its 1955 exports at the 1954 level, and probably exceed it, should suitable markets be found. In Cambodia the position is more serious because the carry-over was very small; therefore, there is no prospect of net exports in 1955. Substantial imports may be required if financial resources can be found. Meanwhile, arrangements are being made for the import of seed rice from Thailand.

In the United States, recent legislation has reduced the sharp cut imposed on the 1955 rice acreage from 24 to 22 percent. The Italian Rice Institute advises farmers to reduce their sowings by about 20 percent, and Spain enforces a limitation on the rice acreage.

Trade: A rise in exports from Asia and a fall in those from other regions is indicated by preliminary returns for the first months of 1955. This continues the recent trend of the later months in 1954.

During January-February 1955, compared with the same period in 1954, Burma shipped 63 percent more. For the first three months of 1955, Thai shipments show an increase of 46 percent, but the United States exported 66 percent less, and Italian exports show a fall of 41 percent over the period January-March 1954. Egypt, an exception to the trend in non-Asian countries, had shipped nothing in the first quarter of 1954.

A large part of the Burmese exports during the first quarter of the year includes rice sold to India last year. By 31 March, the remaining balance of about 300,000 tons had been shipped. So far no new contract has been reported and India now exports small quantities of rice itself, but if a reserve stock of imported rice is to be maintained, further purchases from Burma may be needed to allow the stock to be rotated. Recently, about 20,000 tons were imported into southern India from East Pakistan, an unusual transaction since the latter is normally an importing area. But this rice is believed to have been shipped about two years ago from West to East Pakistan, where it formed part of the local reserve stock. West Pakistan is now exporting 40,000 tons to Ceylon, besides a number of smaller lots to various destinations in Arabia and West Africa.

Rice Shipments from Selected Countries:

Country	Period	1955	1954
Thousand metric tons			
Burma	Jan.-February	260	160
Thailand	Jan.-March	370	254
United States	Jan.-March	85	251
Egypt	Jan.-March	28	—
Italy	Jan.-March	37	63

Burma has concluded a number of sales to China and to Eastern Europe, some of which are on barter terms. It is not yet clear, however, to what extent these will represent additional net imports into these countries. Thus, the imports from Burma enable China to increase its own rice exports to Japan. At least part of a lot of rice recently acquired by Hungary from Egypt under a barter deal is understood to have been offered for resale at prices below Egypt's own current export price.

Japan: In 1955, the world's foremost rice importer almost certainly again will be Japan, which has occupied this rank since 1952. Its imports during the calendar year 1954 marked a postwar record; they were just over 1.4 million tons, but still 500,000 tons less than the prewar average. Fifteen countries contributed to these imports, but about three quarters of the total came from Thailand, the United States, and Burma. Although Thailand retained the first place among Japan's suppliers, its share fell both relatively and absolutely, while those of Burma and the United States rose sharply. Nothing was brought in from Korea, which used to furnish well over one half of Japan's rice imports, and Formosa, the other former main shipper to Japan, supplied only about one twentieth of the prewar figure. Italy and Spain ranked fourth and fifth among 1954 suppliers, while the sixth place went to Mainland China. An unusual item was the import of 31,000 tons from Ceylon, this being a re-export of Chinese rice.

Rice: Japanese Imports by Origin, recent years and prewar:

Region	1954	1953	Average 1935-39
Thousand metric tons			
Neighboring Asia*	81	54	1,893
Other Asia	788	757	33
North American	344	180	—
Central and South America ..	66	20	—
Europe	127	76	—
Total	1,406	1,087	1,926

* Formosa, Korea, and Mainland China.

The 1954 imports were not spaced out evenly over the year. Almost three quarters arrived during the first five months, never falling below 140,000 tons per month. During the remaining seven months, monthly imports never exceeded 100,000 tons, being at their lowest during November and December.

The low rate of imports during these last months continued at the beginning of the present year, the preliminary figures for January-February showing a monthly average of only about 36,000 tons. There was a striking change in the distribution of sources, since all 1955 imports came from Asia, and almost all of them from the two neighboring countries of Formosa and Mainland China. Subsequent months, however, will change this picture, since trade agreements with Thailand and Burma will lead to shipments of at least half a million tons from these two countries, while some rice will also come from Europe following barter deals with Italy. Developments with regard to imports from the United States will be watched with great interest.

Total imports into Japan probably will be considerably lower in 1955 than in the preceding year. The Japanese crop harvested towards the end of 1954 was 11 percent larger than the unusually poor crop of 1953, and since the government appears to pursue its policy of maintaining total rice rations (i.e., for indigenous plus imported rice) at the level of the last few years, the additional indigenous supplies available will lead to a reduction in imports rather than to an increase in consumption. Per caput consumption of rice will thus probably be slightly less than 300 grams per day, as against about 368 grams before the war, while the consumption of other cereals has meanwhile risen from 76 to 120 grams. As the Japanese import programs are established in terms of fiscal years (April-March), and arrivals are irregularly spaced, it is difficult to calculate probable imports for calendar years, but those for 1955 may be estimated at about 1 million tons. This would imply a considerable increase in the monthly averages over those for the first two months.

HONGKONG AND FAR EASTERN TRADE REPORTS

(June 20-30)

TRADE DEVELOPMENTS

Export to Korea slowed down and trading in the local commodity market was dull during the period. Prices of popular items were kept steady by small orders from Southeast Asia. China was interested in industrial chemicals but low buying offers restricted the development. China produce retained normal demand from various sources; metals remained active on orders from local factories and Southeast Asia; paper registered transactions and price-gains of few items only; pharmaceuticals were slow but steady; cotton piece goods firmed up on demand from Indonesia but cotton yarns remained sluggish.

China Trade: In addition to various staples and light industrial products, China exported a wider selection of table delicacies, including frozen duck, preserved duck, canned meat, wines and spirits. Many of these items were shipped directly to India, Burma, Indonesia, the Philippines and Switzerland. To Japan, China offered 10,000 tons of rice at £57 per ton fob. The Chinese National Import and Export Corporation signed contracts with Swedish firms for the purchase of light machinery of all types including welding equipment. In return, China will ship to Sweden such goods as eggs, bristles, hog casings and beans. From the local market, China bought some industrial chemicals but low buying offers restricted the volume of purchase.

Japan Trade: Trading with Japan remained active with regular imports of sugar, metals, piece goods, paper, cement and chemicals; and steady exports of woodoil, citronella oil, rosin, raw silk, silk waste, oil seeds and other China staples. Indent bookings for paper and chemicals slowed down by the end of last week due to the heavy arrival of previous paper orders and the weak demand for Japanese industrial chemicals.

Korea Trade: US\$1,770,520 were sold last week in Seoul at the weekly auction of US Military Aid Funds. The average rate was 475.90 Hwan to \$1. In the local commodity market, Korea slowed down her purchase. Commodity prices in Korea declined further as a result of heavy imports from various sources.

Indonesia Trade: Djakarta allocated special foreign exchange for essential raw materials for factories. Articles of secondary importance, such as cotton piece goods, were imported by competitive tender. Djakarta also encouraged firms holding foreign exchange abroad to utilize such exchange for imports of capital goods, machineries, industrial raw materials, medical supplies, construction materials, piecegoods and transportation equipment.

The Philippines: There was a slight improvement in the export of Hongkong manufactures to the Philippines consisting of enamelware, aluminiumware, piecegoods, electric supplies and metalware. However, in view of the expected settlement of the Japanese reparations problem, Hongkong exports to the Philippines will be greatly affected by Japanese competition in the future. There has been a constant disparity in the balance of payment in Japanese goods from Hongkong.

Thailand Trade: From the local market, Bangkok bought paper, metals and pharmaceuticals mostly of Japanese origin. Recently, Japan purchased large quantities of rice from Thailand and in return, Bangkok imported more products from Japan. This development will eventually affect the shipment of Japanese goods from Hongkong.

Burma Trade: Rangoon resumed the issuance of import licence for cotton woven goods from sterling area, Japan and China. However, Hongkong piecegoods are not very popular in the Rangoon market where Japanese dyed and bleached piece goods, Chinese and Indian grey piecegoods and drills have been enjoying good demand. From here Burma ordered towels, bed sheets, stockings and underwears. Import of Burmese rice increased recently. Rangoon also announced a list of goods to be imported from China. These included textiles, groundnut oil, garlic, vermicelli, iron wire nails, galvanized iron wire, farm tools, fuel and lubricating oil, clocks and watches, cigarettes, perfumes and cosmetics, radio, medicines, chemicals, paper, machinery, footwears and fountain pens.

COMMODITIES

China Produce: Steady demand improved groundnut kernel, raw silk and dried chilli. Woodoil was very firm with orders from London, Tokyo, Taipei, Bangkok and Singapore. Citronella oil first improved with shipments to Europe and stimulated by increased cost but later declined when expected arrivals developed selling pressure. Groundnut oil was weak under steady import from India. Rosin attracted enquiries from Japan but registered no transactions. Galangal enjoyed demand from India and Europe but heavy stock prevented improvement. Gypsum failed to advance on orders from Thailand due to selling pressure. Soya beans registered gains when Singapore, Penang and Tokyo provided steady demand but prices in the local market were still below cost. Other popular items were: Japan—sesame, gallnut, mustard seed, groundnut kernel, raw silk, silk waste, coir fibre and green beans; Europe—cassia lignea, groundnut kernel, feathers, camphor powder and

oil, raw silk, dried albumen, hog bristles, and dried ginger; Singapore and Malaya—tea, dried chilli, garlic, dried ginger, and black beans; Thailand and Taiwan—teased cake.

Metals: Mild steel round bars continued to drop with new arrivals. Hongkong products were slightly better than other goods on account of demand from Thailand. Mild steel flat bars, wire rods and black plate remained firm on low stock. Mild steel angle bars attracted enquiries from Thailand but no offer was available for specifications required. Mild steel plate gained on improved demand but low buying offers limited trading. Black-plate waste advanced on dwindled stock but later eased when new supplies arrived. Galvanized iron sheets registered sales to Korea and local factories but heavy stock prevented gains. Iron wire nails of Chinese origin enjoyed steady local and overseas demand but prices were depressed by new arrivals. By the end of last week, local shipbuilding industry booked 3,200 tons of steel plates from Japan. Demand for popular items from various sources included: Korea—steel wire rope, wire rods, and black plate; Thailand—wire rods, mild steel plate and tin tiggers.

Paper: Woodfree printing, newsprint in reels and in reams still attracted strong demand from Korea. Trading, however, was limited by Korea's insistence for US and European goods, dwindled stocks and low buying offers. Exporters also procured supplies directly from supplying sources instead of from local dealers. Business in the local market was therefore limited to small orders from Thailand for wood-free printing, art printing, M.G. white sulphite and aluminium foil; and demand from local industries for newsprint in reams, art printing, M.G. ribbed kraft, M.G. caps, transparent cellulose paper and strawboard.

Pharmaceuticals: Demand from Taiwan slowed down and popular items were kept steady by enquiries from China for sulfonamides; from Korea for isoniazide; from Thailand for saccharum lactose, aspirin, chloroform and phenacetin. Local demand for dihydrostreptomycin, penicillin preparations, neosalvarsan ampoule, isoniazide and aspirin powder was steady but limited to small quantities.

Industrial Chemicals: Trading gained momentum. China was interested in tanning extract, tartaric acid, granular borax; and Korea in sodium bicarbonate, sodium bichromate, sodium hydrosulphate, tanning extract, acetic acid, oxalic acid, tartaric acid, gum damar, gum copal, glycerine, linseed oil, magnesium carbonate, potassium bichromate, ammonium bicarbonate and lead acetate. Dwindled stock further stimulated sodium bicarbonate, tartaric acid, gum damar, linseed oil and granular borax. On the other hand, indent drop depressed gum copal; selling pres-

sure eased gum arabic and heavy stock weighed down shellac.

Rice: Heavy arrival from various sources slowed down trading and eased prices.

Wheat Flour: Hongkong Flour Mills Limited sold a shipment of flour to Singapore. Cambodia ordered Australian flour from here. Prices of other products were weak due to the lack of demand and indent drops.

Sugar: Japanese sugar declined under selling pressure developed by the expected arrival of new supplies. Taikoo sugar was steady but Taiwan products weak.

Cotton Yarn: Local and overseas demand remained sluggish and prices weak.

Cotton Piece Goods: Orders from Indonesia stimulated the dull market. Chinese grey sheeting was popular on account of its favourable price. Japanese grey sheeting further improved on increased indent cost. Trading, however, was limited by low buying offers.

Hongkong Manufactures: To withstand keen competition of Japanese, Indian and Chinese products, some local factories recently improved their equipment and products. Four spinning factories are now manufacturing combed yarn. The use of nylon elastic yarn by many local knitting factories has stimulated the export of knits. Recently, a second glass marble factory was established. Export of HK products remained active.

HONGKONG SHARE MARKET

Monday: Renewed demand for Lands led to a partial recovery in these shares during the morning session, but before the close, business was transacted below the day's best level. Trading was again brisk with chief interest centred in Cements, Wheellocks and the Utility group. Electrics and China Lights were in good demand at higher levels. Allied Investors attracted attention and closed with unsatisfied buyers at \$5. Although buyers advanced their offer for H.K. Banks and Unions, sellers were apparently reluctant to part with scrip. The rubber section was particularly active on the sharp rise in the price of Singapore rubber to Str. \$1.15 which caused shares to advance with Amalgamated and Rubber Trust leading the field. The undertone of the market at the close was firm. The day's turnover amounted to \$2.32 million. **Tuesday:** The market remained active and the turnover amounted to \$2.07 million. There was no significant price change. Rates generally held firm under sustained demand. In the rubber section, Amalgamated, Rubber

Trust and Kelantans advanced fractionally on firmer New York rubber advices. The general undertone remained very steady. **Wednesday:** Demand continued unabated and popular shares registered further gains. The Utility group attracted particular attention with China Lights, Electrics and Telephones leading the field. Dairy Farms and Cements were also well supported. Yangtszes and Allied Investors were in good demand and moved to higher levels with buyers unsatisfied at the close. The rubber section was steady. The undertone was firm. The turnover for the half day amounted to \$1.37 million. **Thursday:** Better sentiment assisted by fairly substantial remittances from S.E. Asia kept the market active. Prices advanced steadily on a wide front. Utilities were popular with China Lights, Electrics and Telephones receiving most attention. The Wheelock group showed considerable improvement with appreciable gains being registered in Wheelocks \$8.55, Yangtszes \$6.95 and Allied Investors \$5.30. Dairy Farms rose sharply to \$22.90 whilst Land shares were active with the rate steady around \$71½. H.K. Banks and Unions were advanced on a scarcity of scrip. The rubber section was also very active on account of the appreciable rise in the price of Singapore rubber. The turnover for the day amounted to \$2.7 million. The Secretaries for Yangtsze Finance announced that at the close of business on June 29, 1955, the shares had a statistical value of \$8.45. **Friday:** Holiday.

The Douglas Steamship Company, Limited announced (subject to the approval of Shareholders at the forthcoming Annual General Meeting) a dividend in respect of the year ended 31st December 1954 of \$5.- per share, free of tax.

Hongkong Stock Exchange in June

The market remained active throughout June and appreciable increases were registered in Unions, Wheelocks, Hongkong Lands and both Ferry Co. Shares. Other shares were dealt in without marked changes in rates. Hongkong Banks and Unions were continually in demand and Lombards came in for attention. A strong demand for Wheelocks advanced rates. A fair volume of business was transacted in Wharf, China Provident and Hongkong Dock shares. Large numbers of Hongkong Land shares changed hands at between \$69 and \$73½. The Company announced the purchase of Jardines' property and a proposed new issue. Hongkong Hotels and Realities came in for attention and a fair volume of business resulted. Transactions in Public Utilities were well spread with the two Ferry Co.'s shares showing appreciable increases. Cements were again active, and demands resulted in a price increase. A fair demand for Dairy Farms set in followed by Watsons and, upon an-

nouncement of a slightly increased dividend, Lane, Crawford were in demand. Yangtszes and Allied Investors were dealt in at slightly higher rates than ruled at the close of last month. Nanyang Cottons and Textiles were enquired for and a fair number of shares changed hands with prices unchanged. Higher prices for Raw Rubber affected the share market and a large number of shares changed hands at increased rates with Amalgamated Rubbers in the lead. The Hongkong & Kowloon Wharf Co. announced a distribution of \$4 per share payable in August upon completion of sale of the Lai Chi Kok property. Dividend announcements were made by Metal Industries, Lane, Crawford, Ltd., Wing On Co., Ayer Tawah Rubber Plantation and Sungala Rubber Estates.

Business reported during June: \$27,425,512. Business reported in 1954: \$251,976,029. Business in January-June 1955: \$158,162,081. Business reported June, 1954, \$15,161,582.

Business During June

	Qty. of Shares
H.K. Govt. Loan	
3¼% " (1934 & 1940)	\$10,000
3¼% " (1948)	51,000
H.K. Bank	1,183
Bank of East Asia	200
Lombard Insurance	4,171
Union Insurance	149
China Underwriter	2,000
Union Waterboats	1,700
Asia Navigation	3,900
Wheelock Marden	218,800
Wharf Co.	2,895
Sh. & Hongkew Wh.	464
C. Providents	31,098
H.K. Docks	6,900
Shanghai Docks	10,192
H.K. & S. Hotels	46,900
H.K. Lands	41,464
Humphreys	2,500
" (Rts.)	14,119
Realty	129,000
H.K. Trams	56,604
Star Ferry	2,150
Yauamati Ferry	16,252
China Lights (F. Pd.)	125,162
" (P. Pd.)	58,170
H.K. Electric	58,177
Macao Electric	8,130
Telephones	56,586
Cements	74,948
Ropes	400
Metal Industries	400
Dairy Farms	69,875
Watson	20,519
Lane Crawfords	10,528
China Emporium	300
Kwong Sang Hong	32
Wing On	200
China Entertainment	4,700
Yangtze	23,008
Allied Investors	40,450
Textiles	8,600
Nanyang Mill	11,500
Rubber	
Amalgamated Rubber	771,026
Ayer Tawah	3,000
Java-Consolidated	10,415
Rubber Trust	126,500
S'hai Kelantan	58,000
S'hai Sumatra	500
Sungala	2,600

SINGAPORE SHARE MARKET

As a result of the strikes, Singapore registered industrials caused some panic selling. However, towards the end of the period a small gain in confidence was evidenced by improving prices. In the industrial section, Fraser & Neave had a large turnover down to \$1.65, at \$1.70 and back to \$1.67½, Singapore Cold Storage with small business at \$1.60 recovered quickly to \$1.65 buyers, and Wearne Bros., with the normal 5% interim due, regained 7½ cents with exchanges at \$2.67½. Not included in the recovery were Hammers, static at \$2.55. At all times buyers of Metal Box were manifest; here the market anticipated that the accounts for the year ended 31st March, 1955, which are due shortly, would reveal positive strength. Locally, Oriental Telephones changed hands at 100/- and were taken from London up to 105/- including stamp. Due to an article in the "Financial Times," British Borneo Petroleum had a rise of 4/- with London accepting shares up to 35/6. Further, London showed an intrepidity absent in Singapore, by paying 26/- and 25/9 for Singapore Traction Ords. Robinsons were bought at \$2.30 in sizeable parcels on news that this active retailer and wholesaler will be joining forces with Jardine Matheson & Co., Ltd. in John Little (Malaya) Ltd., which will take over the business of John Little & Co., Ltd. Robinsons with a majority interest will manage the new company in which the famous Hongkong concern will have a material interest. The tin section had a reduced turnover and few price changes. The popular counters, Lower Perak and Kuala Kampar, had repeated exchanges at 13/9 and 32/- cum dividend respectively, both became ex dividend on Wednesday and thereafter were neglected. In dollar tins, Petaling continued the most sought after, buyers paying from \$4.10 to \$4.15, Sungei Way were steady at \$2.92½ and Hong Fatt were in demand at \$1.23 and \$1.24. Australia accepted Renong Consolidated at 25/- but showed no interest in either Katu or Burma Malay. Prices and transactions in rubber shares showed a pleasant increase. Batu Lintang rose from \$1.42½ to \$1.52½, Borelli touched \$2.70 and Parit Perak with business at \$1.60 showed a gain of 15 cents. Similarly, United Malacca went from \$1.42½ to buyers at \$1.52½ and Kuala Sidim from \$1.40 to \$1.50. London paid 5d. and 5½d. for Bangawan, 19/9 for Batu Tiga and bid 2/10½ for Jeram Rubber. A broad selection of British stocks were dealt in, but in London some anxiety regarding the economic position and fears of an increase in the Bank rate put a damper on any post strike settlement boom. With the present inflationary trend and bank selling of fixed interest securities, not only to maintain their own liquidity but also to liquidate the

debt of nationalised industry to the banks themselves, British Government stocks were sluggish.

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Although Industrials had an increased turnover at improved prices, a number of counters closed at below best. There was little activity in Tins, whilst Rubbers were very steady; Loans had widespread activity though quantities were small. Highlight of the week in this section was the issue of the first report as a public company by Metal Box of Malaya Ltd., on which the market rose to \$1.52½. Large parcels of Fraser & Neave Ords. changed hands at \$1.70 and \$1.72½ and Wearne Bros. were in demand up to \$2.75 cum the usual 5% interim. Robinson Ords. had small business at \$2.30 and \$2.32½, likewise Wm. Jacks had few transactions from \$3.07½ to \$3.12½, here little scrip was on offer. Straits Traders touched \$23 before losing 10 cents and Straits Steamship achieved a gain of \$1 with business at \$14.60. Gammons spurted to \$2.67½ before falling back to \$2.60, Singapore Cold Storage had continual changes at \$1.70 and Malayan Collieries were quietly absorbed up to 76 cents. Oriental Telephones were taken at 104/- c.c.r., and on several occasions London accepted Burmah Oil at 150/-. In the Tin section, Petaling headed the list at \$4.20 and \$4.22½. Rawang Tin and Berjuntai announced dividends of 1/6d. and 2/6d. respectively. The 10/- shares of the former with a dividend total of 25% for the year, rose to 11/7½ and the 5/- shares of the latter, with a total distribution of 90%, had only an isolated transaction at 21/- c.d. Lower Perak had takers at 12/8 ex dividend and Katu had business at 38/-, both London Tin Corp., and Kamunting Tin were done locally at 8/6, and Tanjong Tin were taken from London at 14/9 and 15/-.

The Rubber share section held its position as an important contributor to the total volume of business written. Apart from the fillip that London registered shares received from a write-up in the Investor's Chronicle, the later announcement that in the first four months of this year world consumption of rubber exceeded production by 55,000 tons caused considerable improvement in the more popular stocks. London accepted Kepong Rubber at 2/3½, Kombok at 2/10½ and Jeram Rubber at 3/-, whilst Port Dickson Lukut changed hands locally at 3/8. Malayan registered shares made little headway, Borelli were better at \$2.72½ as also Glenealy at \$1.10, but business was mainly written at previous week's prices. Amongst Australian stocks Peko had local takers at A7/3, Mount Lyell had increased turnover from A25/3 to A25/5 and Oil Search at A7/4½ attracted buyers. In the case of the last named, there is a rights issue of three for ten at the par value of 5/-. In announcing terms for the \$30 million debenture issue by

the City Council, the President stated that the funds would be used for extensions to the City's electricity, gas and water undertakings and not for the purchase of the Singapore Traction system. Investors are offered a 4½% redemption yield in applying at \$96 for 4% debentures redeemable 1970/80 at par. The City finances have been administered in a most competent manner with faithful payments to sinking funds and rateable values provide a margin greatly in excess of requirements of the outstanding debenture issues.

HONGKONG COMPANY INCORPORATIONS

The following new companies were incorporated in Hongkong during the fortnight ended June 18, 1955.

W. Ming Weaving Manufactory, Limited: Nominal Capital, \$200,000; Registered Office, New Kowloon Inland Lot No. 3547 (Tung Chau Street), Kowloon; Subscribers—Ip Wing Cheong, 2 Moon Street, Hongkong, Merchant; Ip Tam Shuet Hing, 2 Moon Street, Hongkong, Married Woman; Graciela Loo Ip, 2 Moon Street, Hongkong, Married Woman.

Climax Limited: Spinners, weavers; Nominal Capital, \$10 million; Registered Office, 212 Prince's Building, Hongkong; Subscribers—Bhagchand Ladaram Daswani, 17 Robinson Road, Hongkong, Merchant; Gopaldas Ramchand, 17 Robinson Road, Hongkong, Merchant.

Muirleaf Tobacco Corporation Limited: Nominal Capital, \$1 million; Subscribers—Nathalia Buchan, 175 The Peak, Hongkong, Married Woman; Harriott Hilton Buchan, 502 Chung Kam Kok, Stanley, Hongkong, Widow; William Muir Buchan, 175 The Peak, Hongkong, Industrialist; Doreen Buchan, 502 Chung Kam Kok, Stanley, Hongkong, Spinster.

Inter-Colonial Industrial Enterprises Limited: Nominal Capital, \$1 million; Registered Office, Room 604 Hongkong & Shanghai Bank Building, Hongkong; Subscribers, James K. S. Wong, 63B Durham Street, Kowloon, Merchant; John William Tang Chue, 33 Soares Avenue, Kowloon, Merchant.

Caribbean Investments Limited: Nominal Capital, \$1 million; Regis-

tered Office, 4A Des Voeux Road Central, Hongkong; Subscribers, P. A. L. Vine, 15 South Bay Road, Hongkong, Solicitor; R. W. Dyer, 2 Castle Steps, Hongkong, Solicitor.

Po Chai Lemonin Medicine Company, Limited: Nominal Capital, \$150,000; Registered Office, 289 Queen's Road Central, Hongkong; Subscribers, Chan Shau Chuen, 289 Queen's Road Central, Hongkong, Merchant; Yeung Shau Ying, 18 Wing Fung Street, Hongkong, Married Woman.

Danemann Watch Case Factory, Limited: Nominal Capital, \$500,000; Registered Office, Room 415 China Building, Hongkong; Subscribers—Lee Ming Tong, 86 Castle Peak Road, Kowloon, Married Woman; Ernest C. Wong, 86 Castle Peak Road, Kowloon, Salesman.

South Bay Company, Limited: Export and import merchants; Nominal Capital, \$100,000; Registered Office, Prince's Building, Hongkong; Subscribers—P. A. L. Vine, 15 South Bay Road, Hongkong, Solicitor; R. W. Dyer, 2 Castle Steps, Hongkong, Solicitor.

Kowloon Investment Company Limited: Nominal Capital, \$2 million; Registered Office, 20B Connaught Road West, Hongkong; Subscribers—George Seto, 15 Hankow Road, Kowloon, Merchant; Ho Leung Pak Wah, 6A Fook Kwan Road, Hongkong, House Wife.

Tyeb and Company, Limited: Drapers and furnishing; Nominal Capital, \$2 million; Registered Office, Hongkong Hotel Building, Hongkong; Subscribers, Alibhoy Tyekhan, 6 Garden Terrace, Hongkong, Merchant; Mohamed Alibhoy Tyekhan, 27 Wyndham Street, Hongkong, Merchant.

International Medicine Company Limited: Nominal Capital, \$100,000. Registered Office, Chinese General Chamber of Commerce Building (Room 401), Hongkong; Subscribers, Shower Town, 8 Keswick Street, Hongkong, Merchant; Pan Ching Woo, 12 Henderson Road, Hongkong, Merchant.

Submarine Products Limited: Nominal Capital, \$80,000; Subscribers—James Templer Prior, Tat Koon, Taipo Road, Shatin, Solicitor; Marshall G. Laing, Harbour View Hotel, Kowloon, Solicitor.

Hongkong Handicraft Factory: Nominal Capital, \$500,000; Registered Office, 10 Western Industrial Section, Tung Tau Tsuen Road, Kowloon; Subscribers, Henry Hanson Wong, 1A Stanley Street, Hongkong, Merchant; Lee Siu Ying, 12A Tung Tau Pui Man Village, Kowloon, Merchant.

The Hongkong Cotton Spinners Association: Registered Office, Room 407-9 Alexandra House, Hongkong; Subscribers—Pao Hsing Cotton Mill, Limited; Wyler Textiles Limited; Nanyang Cotton Mill, Limited; South China

Textile Limited; Kowloon Textile Industries, Limited; Hongkong Spinners Limited; Lea Tai Textile Company Limited; New China Textiles, Limited; South Sea Textile Manufacturing Company, Limited; East Sun Textile Company, Limited; The Textile Corporation of Hongkong Limited; South Textiles Limited; Star Textile Limited.

International Beverages Company, Limited: Nominal Capital, \$2 million; Subscribers—H. W. Lee, 74 Kennedy Road, Hongkong, Banker; J. S. Lee, 74 Kennedy Road, Hongkong, Merchant.

General Bottling Company, Limited: Nominal Capital, \$2 million; Subscribers—H. W. Lee, 74 Kennedy Road, Hongkong, Banker; J. S. Lee, 74 Kennedy Road, Hongkong, Merchant.

Janco Limited: Importers, exporters; Nominal Capital, \$75,000; Subscribers—Cheung Wing In, 12 Tsing Wa Street, North Point, Hongkong, Solicitor; Marshall G. Laing, Harbour View Hotel, Kowloon, Solicitor.

Ming Yuen Hong, Limited: Exporters and importers; Nominal Capital, \$100,000; Registered Office, 151 Queen's Road East, Hongkong; Subscribers—Seung Kai Hong, 23 Wah Ching Road, Diamond Hill, Kowloon, Merchant; Wan Pak Kee, 1 Lau Li Street, Hongkong, Merchant.

HONGKONG'S TRADING PARTNERS IN 1954

Part IX

KOREA

	Imports \$	Exports \$		Imports \$	Exports \$
Meat and meat preparations	—	18,579	Essential oils and perfume materials; toilet, polishing and cleansing preparations	9,600	271,329
Dairy products, eggs and honey	—	97,971	Explosives and miscellaneous chemicals and products	2,132	438,181
Fish and fish preparations	1,397,401	5,095	Leather, leather manufactures, n.e.s., & dressed furs	—	11,792
Cereals and cereal preparations	—	1,893,206	Rubber manufactures, n.e.s.	—	138,191
Fruits and vegetables	5,396,227	200,668	Wood and cork manufactures (excluding furniture)	38,255	79,397
Sugar and sugar preparations	—	6,229,014	Paper, paperboard and manufactures thereof ..	38,199	354,252
Coffee, tea, cocoa, spices and manufactures thereof	—	382,761	Textile yarn, fabrics, made-up articles and related products	318,353	20,532,793
Miscellaneous food preparations	—	208,494	Non-metallic mineral manufactures, n.e.s. ..	80,592	431,334
Beverages	—	1,998,229	Silver, platinum, gems and jewellery	—	113,912
Hides, skins and fur skins, undressed	917,273	—	Base metals	27,455	76,223
Oil-seeds, oil nuts and oil kernels	—	1,867,824	Manufactures of metals	927	1,742,872
Crude rubber, including synthetic and reclaimed	—	1,000	Machinery other than electric	236,761	1,247,927
Wood, lumber and cork	—	66,045	Electric machinery, apparatus and appliances ..	32,125	206,587
Textile fibres	106,100	118,104	Transport equipment	34,837	223,590
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	81,000	—	Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	58	2,145,469
Animal & vegetable crude materials, inedible, n.e.s.	728,162	3,583,864	Furniture and fixtures	750	297,308
Mineral fuels, lubricants and related materials	—	29,356	Travel goods, handbags and similar articles ..	—	154,510
Animal and vegetable oils (not essential oils), fats, greases and derivatives	—	1,921,520	Clothing	2,540	3,218,165
Chemical elements and compounds	—	5,634,982	Footwear	2,900	143,025
Dyeing, tanning and colouring materials	1,434,524	4,806,281	Professional, scientific and controlling instru- ments; photographic & optical goods;	13,063	484,628
Medicinal and pharmaceutical products	—	6,245,426	Miscellaneous manufactured articles, n.e.s. ..	3,109	2,036,221
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	290,918	Live animals, not for food	2,222	7,227
Fertilizers, manufactured	—	523,720			
Explosives and miscellaneous chemicals and products	—	924,532	Total	8,659,097	52,684,519
Leather, leather manufactures, n.e.s., & dressed furs	—	205,349			
Rubber manufactures, n.e.s.	—	22,280			
Paper, paperboard and manufactures thereof ..	—	21,082,907			
Textile yarn, fabrics, made-up articles and related products	—	100,566,710			
Non-metallic mineral manufactures, n.e.s. ..	—	1,617,051			
Silver, platinum, gems and jewellery	—	1,824			
Base metals	—	4,109,647			
Manufactures of metals	63,000	289,002			
Machinery other than electric	—	2,202,311			
Electric machinery, apparatus and appliances ..	—	550,146			
Transport equipment	15,600	504,448			
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	651,868			
Furniture and fixtures	—	16,046			
Travel goods, handbags and similar articles ..	—	1,170			
Clothing	—	109,377			
Footwear	—	3,568			
Professional, scientific and controlling instru- ments; photographic & optical goods;	—	673,465			
Miscellaneous manufactured articles, n.e.s. ..	—	484,718			
Live animals, not for food	—	4,000			
Total	10,139,287	170,133,476			

THAILAND

Live animals, chiefly for food	7,969,480	—
Meat and meat preparations	43,155	40,591
Dairy products, eggs and honey	—	541,718
Fish and fish preparations	240,580	214,511
Cereals and cereal preparations	85,376,411	361,847
Fruits and vegetables	5,211,435	4,796,475
Sugar and sugar preparations	514,016	2,116,369
Coffee, tea, cocoa, spices and manufactures thereof	2,450,839	711,611
Feeding stuffs for animals (not including un- milled cereals)	580,521	33,792
Miscellaneous food preparations	179,420	1,509,471
Beverages	23,700	398,760
Tobacco and tobacco manufactures	5,213,685	706,530
Hides, skins and fur skins, undressed	5,320,132	—
Oil-seeds, oil nuts and oil kernels	9,958,006	4,832
Wood, lumber and cork	290,770	6,199,535
Textile fibres	—	—
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	1,994,574	206,457
Metalliferous ores and metal scrap	52,790	36,932
Animal & vegetable crude materials, inedible, n.e.s.	1,999,742	3,671,718
Mineral fuels, lubricants and related materials	—	105,018
Animal and vegetable oils (not essential oils), fats, greases and derivatives	1,516,266	108,766
Chemical elements and compounds	—	1,550,003
Dyeing, tanning and colouring materials	—	5,678,351
Medicinal and pharmaceutical products	—	8,535,918
Essential oils and perfume materials; toilet, polishing and cleansing preparations	25,223	792,973
Fertilizers, manufactured	—	180,250
Explosives and miscellaneous chemicals and products	278,042	453,722
Leather, leather manufactures, n.e.s., & dressed furs	—	298,188
Rubber manufactures, n.e.s.	—	192,388
Wood and cork manufactures (excluding furniture)	4,900	110,013
Paper, paperboard and manufactures thereof ..	—	3,688,442
Textile yarn, fabrics, made-up articles and related products	81,290	26,642,379
Non-metallic mineral manufactures, n.e.s. ..	1,407,177	2,585,937
Silver, platinum, gems and jewellery	—	107,156
Base metals	41,582	1,023,697
Manufactures of metals	1,000	6,905,962
Machinery other than electric	1,020	658,253
Electric machinery, apparatus and appliances ..	104,884	2,294,737
Transport equipment	—	2,649,398
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	2,524,023
Furniture and fixtures	128,290	2,243,332

PHILIPPINES

Meat and meat preparations	—	457,452
Dairy products, eggs and honey	—	66,292
Fish and fish preparations	5,000	720,854
Cereals and cereal preparations	39,872	2,937,491
Fruits and vegetables	1,979,388	3,859,945
Sugar and sugar preparations	1,162,214	324,231
Coffee, tea, cocoa, spices and manufactures thereof	—	5,675,734
Feeding stuffs for animals (not including un- milled cereals)	9,884	93,508
Miscellaneous food preparations	134,930	750,461
Beverages	7,500	70,318
Oil-seeds, oil nuts and oil kernels	476,996	3,603
Wood, lumber and cork	—	764,513
Pulp and waste paper	1,829,125	—
Textile fibres	—	3,000
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	2,446,921	392,066
Animal & vegetable crude materials, inedible, n.e.s.	—	14,686
Mineral fuels, lubricants and related materials	184,205	451,927
Animal and vegetable oils (not essential oils), fats, greases and derivatives	31,709	33,465
Chemical elements and compounds	—	7,196
Dyeing, tanning and colouring materials	2,784	80,343
Medicinal and pharmaceutical products	6,691	617,363

	Imports \$	Exports \$
Travel goods, handbags and similar articles ..	—	106,821
Clothing	5,580	25,869,492
Footwear	—	6,266,083
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	75,042	722,574
Miscellaneous manufactured articles, n.e.s. ..	84,575	6,042,281
Live animals, not for food	—	15,550
Total Merchandise	131,174,127	130,182,846
Gold and specie	—	1,994,175
Grand Total	131,174,127	132,177,021

MIDDLE AND NEAR EAST COUNTRIES

Meat and meat preparations	—	31
Dairy products, eggs and honey	—	30
Fish and fish preparations	62,000	120
Cereals and cereal preparations	180,334	—
Fruits and vegetables	2,730,800	5,258
Sugar and sugar preparations	—	117,026
Coffee, tea, cocoa, spices and manufactures thereof	—	17,240
Feeding stuffs for animals (not including unmilled cereals)	366,058	—
Miscellaneous food preparations	—	335
Beverages	—	18
Hides, skins and fur skins, undressed	—	893,988
Oil-seeds, oil nuts and oil kernels	1,679,294	36,100
Textile fibres	—	—
Animal & vegetable crude materials, inedible, n.e.s.	39,666	817,849
Mineral fuels, lubricants and related materials	6,659,444	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives	—	4,280
Medicinal and pharmaceutical products	—	114,400
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	10,701
Explosives and miscellaneous chemicals and products	—	54,196
Leather, leather manufactures, n.e.s., & dressed furs	—	34,484
Rubber manufactures, n.e.s.	—	960
Wood and cork manufactures (excluding furniture)	—	20,927
Paper, paperboard and manufactures thereof ..	—	8,802
Textile yarn, fabrics, made-up articles and related products	—	4,770,095
Non-metallic mineral manufactures, n.e.s. ..	—	60,119
Silver, platinum, gems and jewellery	810,776	696,636
Manufactures of metals	—	1,869,816
Machinery other than electric	—	28,124
Electric machinery, apparatus and appliances ..	19,814	631,929
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	1,931,032
Furniture and fixtures	—	116,091
Travel goods, handbags and similar articles ..	—	253,903
Clothing	4,937	4,034,982
Footwear	—	421,307
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	—	46,093
Miscellaneous manufactured articles, n.e.s. ..	1,540	1,162,713
Total Merchandise	12,554,663	17,653,785
Gold and specie	700	—
Grand Total	12,555,363	17,653,785

UNITED STATES OCEANIA

	Imports \$	Exports \$
Meat and meat preparations	—	326,007
Dairy products, eggs and honey	—	1,179,780
Fish and fish preparations	—	25,121
Cereals and cereal preparations	—	444,235
Fruits and vegetables	594	166,343
Sugar and sugar preparations	16,500	1,254,807
Coffee, tea, cocoa, spices and manufactures thereof	—	215,365
Feeding stuffs for animals (not including unmilled cereals)	—	229
Miscellaneous food preparations	14,812	652,410
Beverages	—	98,447
Tobacco and tobacco manufactures	—	1,357,984
Oil-seeds, oil nuts and oil kernels	—	3,874
Wood, lumber and cork	2,828	15,180
Textile fibres	—	165,903
Metalliferous ores and metal scrap	1,430,500	—
Animal & vegetable crude materials, inedible, n.e.s.	9,300	72,062
Mineral fuels, lubricants and related materials	—	231,719
Animal and vegetable oils (not essential oils), fats, greases and derivatives	—	458,666
Chemical elements and compounds	—	17,287
Mineral tar and crude chemicals from coal, petroleum and natural gas	—	62
Dyeing, tanning and colouring materials	—	19,293
Medicinal and pharmaceutical products	—	18,044
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	584,582
Explosives and miscellaneous chemicals and products	—	9,738
Leather, leather manufactures, n.e.s., & dressed furs	—	262,536
Rubber manufactures, n.e.s.	—	5,403
Wood and cork manufactures (excluding furniture)	—	172,580
Paper, paperboard and manufactures thereof ..	—	107,198
Textile yarn, fabrics, made-up articles and related products	94,780	2,541,557
Non-metallic mineral manufactures, n.e.s. ..	530	33,796
Silver, platinum, gems and jewellery	—	557,106
Base metals	—	45,204
Manufactures of metals	—	657,438
Machinery other than electric	—	423,395
Electric machinery, apparatus and appliances ..	—	95,550
Transport equipment	—	17,220
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	154,096
Furniture and fixtures	—	582,882
Travel goods, handbags and similar articles ..	—	381,669
Clothing	16,884	6,932,258
Footwear	—	1,832,685
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	120	377,826
Miscellaneous manufactured articles, n.e.s. ..	—	893,671
Live animals, not for food	—	3,028
Total	1,586,848	23,424,226

(To be Continued)